



**CITY OF
LONGVIEW, TEXAS**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR THE YEAR ENDED SEPTEMBER 30, 2014

**PREPARED BY THE FINANCE DEPARTMENT
OF THE CITY OF LONGVIEW, TEXAS**

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INTRODUCTORY SECTION

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P.O. Box 1952
Longview, Texas 75606-
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(903) 237-1000

March 26, 2015

To the Citizens of the City of Longview
Longview, Texas

The Comprehensive Annual Financial Report (CAFR) of the City of Longview, Texas, for the year ended September 30, 2014, is submitted herewith. We believe the information, as presented, is accurate in all material respects, that it is presented in a manner designed to set forth fairly, in all material respects, the financial position and results of operations of the City as measured and reported by the financial activity of its various funds, and that all disclosures necessary to enable the reader to gain an adequate understanding of the City's financial affairs have been included. It is the responsibility of the management of the City to prepare the CAFR.

The Governmental Accounting Standards Board requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the Independent Auditors' Report.

The CAFR includes all the funds of the City, the funds of the Longview Economic Development Corporation (LEDCO), and the Longview Firemen's Relief and Retirement Fund.

Reflected in this report is the extensive range of services provided by the City of Longview, Texas. These basic services include public safety, streets, recreation and parks, health and welfare, general administrative services, and utility services as well as the activities of LEDCO and the Longview Firemen's Relief and Retirement.

I believe the report, prepared by the City's Finance Department, based on generally accepted accounting principles, conforms to the standards of governmental accounting and financial reporting principles as promulgated by the Governmental Accounting Standards Board.

ECONOMIC CONDITION AND OUTLOOK

The City of Longview is located in Northeast Texas approximately 60 miles west of Shreveport, Louisiana, 120 miles east of Dallas, and 210 miles north of Houston. Longview serves as the county seat of Gregg County. The Home Rule charter adopted in January 1979 established the Council-Manager form of government with six City Council districts. The Mayor is elected at-large. Longview once was one of the largest known oil fields in the world and the East Texas area continues to have a significant business community that services the energy sector. However, the Longview economy is diversifying with major businesses other than oil and gas whom are contributors to the Longview economy. In fiscal year 1995, mineral values represented 13.7% of the assessed values, while in fiscal year 2014, those values represented just 1% of the assessed values. Health care distribution, retail, food processing and manufacturing have diversified the economic base for the area. The fiscal 2014 taxable value is well diversified and is comprised of 55% residential properties, 19% commercial and industrial properties and 25% commercial and industrial inventories. The residential values (which include residential, vacant lots, real acreage, farm, mobile homes and ranch improvements) saw an overall 48% increase for the year with the most significant increase in mobile homes of 44.29%. Although that is a significant increase in that one category, overall mobile homes represent less than a percent of total values. Single family increased by 2.32% while residential – multifamily, vacant lots and real acreage decreased by a combined total of 1.26%.

According to the Federal Reserve Bank of Dallas' January 2014 *Regional Economic Update*, "Economic growth moderated somewhat as oil prices fell to five-year lows. Oil well permits and the Texas rig count have seen significant declines, and exports have continued to fall. Conditions outside the energy sector were generally upbeat in December data as payroll employment rose an annualized 3.7 percent, the unemployment rate continued to trend downward and the Texas Business Outlook Survey indexes remained positive."

Locally there is continued growth along the Highway 259 corridor which will open up the opportunity for development. For Longview, 4A sales tax funds the Longview Economic Development Corporation (LEDCO) which guides much of the economic direction for the City. LEDCO completed its strategic plan in January 2014 which included both quantitative research and fieldwork identifying challenges and opportunities for the City. Some of the key findings as stated in the Economic Development Strategic Plan for LEDCO are:

- There is much more to Longview than meets the eye. World-class employers (e.g. Eastman Chemical, LeTourneau University), fully supported industrial sites, and strong public school systems, are a few examples of assets that would make many communities envious. While many in the area know the assets well, there is an opportunity to better tell the Longview economic development story, both internally and externally.
- Longview has not fully exploited its location as part of the IH-20 corridor. This is due to a combination of reasons, including: (1) limited visibility of Longview from the interstate, (2) lack of adjacent developable lands due to flood plain, (3) lack of attractive gateways leading to the city, and (4) development in other competing areas (e.g. north Longview).
- In spite of strong education and training assets in the community, some area businesses are still struggling to find the talent they need, specifically in technical and professional areas. Some shortages are due to causes outside of community control (e.g. company wage rates or national skills shortages), but many could be mitigated with better alignment of business needs with area education and training providers.

Moody's Economy November 2014 *Précis METRO* report states that, "Longview's economy will outperform those of the state and nation in the near term, boosted by the strong performance of its goods-producing industries. Rising demand for natural gas will buoy extraction in the Haynesville formation in the coming years. The housing market will strengthen as well. A lack of industrial diversity will keep the metro area tied to the price of natural gas. Low educational attainment will limit the area's potential, although population growth will exceed the U.S. average. Longer term, Longview will maintain its edge over the U.S. in job and income gains"

The Moody's Analytics report noted the following as strength for Longview:

- Access to natural gas provides a significant source of jobs for the economy
- Low cost of doing business

The report also noted the following weaknesses:

- High exposure to energy production and extraction increases employment volatility and dependence on the business cycle
- Low skilled labor

Another economic indicator is the City of Longview's sales tax revenues, reported for the fiscal year 2013-2014 as 2.59% increase compared to receipts in the prior year. The City of Longview expects the trend of increased revenues to continue and budgeted accordingly. Single-family housing permits for January 2015 decreased by 79% compared to the number of permits issued in January 2014, along with the annualized average declared construction costs of the new homes decreasing by 2.22% for the same period.

MAJOR INITIATIVES

For the Year

In establishing the budget for FY 2013-2014 it was important to scan the community's environment and understand the economy in which the City functions. Longview has continued to remain strong in its economy as evidenced by economic indicators as well as analyst's opinions.

This fiscal year budget included an adjustment to the City's market-based compensation plan. The City of Longview seeks to align our employee's pay with the market-rate for similar positions in the public and private sector. Our goal is to provide a competitive pay package that is fair to all employees and attractive for recruitment and retention. This plan adjustment provides pay adjustments for approximately 565 employees whose position pay ranges were behind the market rate.

This budget also addressed several important needs within the Longview Fire Department. City Council approved one-time purchases of a new \$950,000 ladder truck as well as the first phase of replacing the department's self-contained breathing apparatus. In addition, a fourth front-line ambulance and crew was added. In 1995, Longview added the third front-line ambulance, but since that time annual emergency response call volume has more than doubled and annual EMS transports has more than tripled. Many people may not realize that all Longview firefighters are also certified paramedics and that 85% of all emergency response calls are Emergency Medical Service calls.

Three major street projects were also funded and are expected to lead to significant retail developments and valuable return on the city's investment. The City Council approved a developer participation agreement to extend Fourth Street from Hawkins Parkway to Hwy 259. The City's participation expands the road from a two-lane road to a four-lane road plus a turn lane that will be aligned seamlessly with the existing Fourth Street. The fourth street project was funded as a one-time expense from the City's general fund balance. Another project was the opening of the Hawkins Parkway extension from Hwy 259 to Tryon Road, which was the result of a public / private partnership with the developer. The City agreed to fund the "upsized" of the road from a two-lane to a three-lane road with a sidewalk. The funding is reimbursed to the developer across several budget years. The third project was the George Richey Road Extension Project, which is a collaborative effort between the City of Longview, Texas Department of Transportation, Longview Economic Development Corporation, and the Longview Metropolitan Planning Organization. When complete, the project expands George Richey Road from its current terminus at Gilmer Road on the far northwest side of Longview to Highway 259 on the far northeast side of Longview.

This budget also included several improvements to parks and facilities. Council approved one-time expenditures from the general fund for the addition of a 52-foot pavilion and concession stand at the Lear Park Jack Mann Splash Pad. The additions are part of the master plan of the 10,000 square foot splash pad, which has quickly become one of the most popular features of our parks system since it was first opened in summer 2012. Other improvements were at the Maude Cobb Convention and Activity Complex, including a new hog barn at the Agricultural Pavilion and plans to continue the Fireworks and Freedom Celebration.

This budget year included a significant change to our trash and recycling services. At the request of City Council, city staff has been working to expand recycling participation. For several years, the city sanitation crews have visited every household three times per week to offer twice-a-week curbside garbage collection and once-a-week curbside recycling collection. As part of this year's budget process, City Council approved moving to a proposed "Simplified Collection" trash and recycling system that provides once-a-week collection of trash and recycling on the same day. This simplification should provide greater efficiencies for collection crews, reducing the required number of trucks and crew.

For the Future

Users of this document as well as others interested in the programs and services offered by the City of Longview are encouraged to read the City's 2014-2015 Fiscal Year Budget. The document details the City's long-term goals and financial policies, describes program accomplishments and initiatives, and outlines the City's capital improvement program. You can find this document conveniently located on the City's website at www.longviewtexas.gov.

Next year's budget shows that Longview's priorities continue to be placed on the critical services of public safety and public works. The City also continues to place importance on maintaining our services to the community such as our parks, library and other amenities.

In preparing the budget, the following goals were kept in mind: budget conservatively, remain fiscally responsible, reduce costs throughout the budget when possible, continue to provide quality services to the citizens especially in core areas of public safety and public works, and set aside fund balance for the proposed animal shelter and George Richey Road projects.

The budget assumes a small property tax rate increase tied to voter-approved street bond projects, a small projected increase in sales tax collections, a slight change to water or sewer rates, and no change to sanitation rates, all while maintaining a fiscally sound fund balance.

An additional \$1,000,000 one-time expenditure of City funds was budgeted as part of the George Richey Road Extension Project, which is a collaborative effort between the City of Longview, Texas Department of Transportation, Longview Economic Development Corporation, and the Longview Metropolitan Planning Organization.

Following the recommendations of a Mayor's task force and direction from city council, next year's budget includes one-time expenditures of \$2,500,000 and \$500,000 for the construction and initial operational reserves, respectively, for a new state-of-the-art animal shelter. In addition, Gregg County has pledged an additional \$2,500,000 towards the construction costs. Construction design plans are currently being drawn. We anticipate a construction bid may be awarded as soon as January 2015 followed by a year-long construction process. The Humane Society has donated property to the City of Longview for the construction of the new facility. Currently, the City of Longview does not own or operate an animal shelter. Instead, the city contracts with the Humane Society of Northeast Texas to provide animal sheltering services.

New restrooms and a pavilion structure are budgeted for the rodeo arena at the Maude Cobb Convention and Activity Complex. The additions would service both the rodeo arena and the agricultural pavilion area. The nearly \$1,000,000 project is funded by a portion of Hotel Occupancy Tax which is restricted for use specifically for building, expanding, or operating convention-related facilities.

LONG-TERM FINANCIAL PLANNING

Over the course of the past year, a committee of citizens worked with staff to draft the Longview Comprehensive Plan, which will serve as a guiding document to help shape our community for the next fifteen to twenty years on issues ranging from parks to police to growth and redevelopment.

To borrow from the words of the Comprehensive Plan Advisory Committee chair Keith Honey, "An important role of the comprehensive plan is to bring the community together and create consensus on a vision for the future. From the beginning, the advisory committee made efforts to hear from our neighbors through surveys, community meetings, subcommittees, and face-to-face conversations. It is a resource that decision-makers can use to help move our community forward in the direction residents have said they want to go. The Comprehensive Plan represents long-term aspirations. In essence, the City of Longview is taking a "Long View" to look at the city's future and craft a plan."

The final draft of the Longview Comprehensive Plan will be presented to the City Council in early 2015. This document will be a great resource for determining priorities in future budget years. In particular, the current citizen feedback makes it clear that the city should focus on addressing blight, improving and expanding parks, managing smart growth, maintaining city services, and improving quality of life throughout the entire community.

FINANCIAL INFORMATION MANAGEMENT AND CONTROL

A detailed understanding of the financial position and operating results of the City is provided in the CAFR. Presented below is a brief description of financial information, management of financial resources, obligations and information.

Basis of Accounting

The basis of accounting used determines when revenue and expenditures or expenses are recognized in the accounts and reported in the financial statements. The government-wide financial statements are full accrual basis statements. All governmental funds are accounted for using the modified accrual basis of accounting. Their revenue is recognized when it becomes measurable and available. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. All proprietary funds and Pension Trust Funds are accounted for using the accrual basis of accounting. Their revenue is recognized when it is earned, and their expenses are recognized when they are incurred.

Accounting Systems and Budgetary Control

In developing and evaluating the City's accounting control system, consideration is given to the adequacy of internal accounting controls. Accounting control comprises the plan of organization and the procedures and records concerned with the safeguarding of assets and the reliability of financial records and consequently are designed to provide reasonable assurance that:

- Transactions are executed in accordance with management's general or specific authorization.

- Transactions are recorded as necessary (1) to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria, such as finance-related legal and contractual compliance requirements applicable to such statements, and (2) to maintain accountability for assets.
- Access to assets is permitted only in accordance with management's authorization.
- The recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

The definition of accounting control encompasses reasonable, but not absolute, assurance that the objectives expressed in it will be accomplished by the system. The concept of reasonable assurance recognizes that the cost of internal control should not exceed the benefits expected to be derived. The benefits consist of reductions in the risk of failing to achieve the objectives implicit in the definition of accounting control.

All internal control evaluations occur within the above framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

In accordance with the State Law of Texas, the City has formally established budgetary accounting control for its operating funds. Budgetary control is maintained at the departmental level by the encumbrance of estimated purchase amounts before the release of purchase orders to vendors. Purchase orders that result in an overrun of departmental balances are not released until additional appropriations are made available through transfer from other accounts, either by ordinance of City Council or by administrative transfer. Open encumbrances are reported as reservations of fund balances at September 30, 2014.

The City receives resources from other state and federal agencies under a variety of programs. Resources received from the state government are subject to various specified controls and compliance standards and are periodically audited by the State Auditor's General Office. Resources received from federal agencies generally are subject to auditing according to standards established by the Single Audit Act Amendments of 1996 and other directives prepared by the U. S. Office of Management and Budget. Both state and federal audits require that the City design, implement and monitor an internal control structure that satisfies the conditions of each grant. Audit reports prepared by the state and federal governments related to the City's internal control structure and compliance with applicable laws and regulations are not included in the Comprehensive Annual Financial Report, but are available on request.

Debt Administration

A detailed discussion of the City of Longview's outstanding debt is located in the Management and Discussion and Analysis.

OTHER INFORMATION

Independent Audit

State statutes require an annual audit by independent certified public accountants. The accounting firm of Henry & Peters, P. C. was selected by the City Council. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Federal Single Audit Act Amendments of 1996 and related OMB Circular A-133. The auditors' report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the governmental compliance section.

Awards

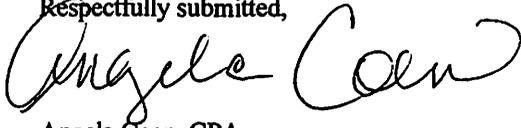
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended September 30, 2013. This was the eighteenth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

The preparation of the comprehensive annual financial report was made possible by the dedicated service of the entire staff of the City. Each member of the staff has our sincere appreciation for their contribution made in the preparation of this report. Further, we wish to thank the auditing firm of Henry & Peters, P. C. whose competent assistance made this report possible.

The combined support of the City Manager and members of the Council, who remain committed to fiscal integrity and financial leadership, is also appreciated.

Respectfully submitted,

A handwritten signature in black ink that reads "Angela Coen". The signature is written in a cursive style with a large initial 'A' and a long, sweeping underline.

Angela Coen, CPA
Director of Finance

CITY OF LONGVIEW, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2014

PRINCIPAL OFFICIALS

MAYOR

Jay Dean

CITY COUNCIL

John Sims, District 1
Gary Smith, District 2
Kasha Williams, District 3
Kristen Ishihara, District 4
Richard Manley, District 5
Sidney Allen, District 6

CITY MANAGER

David Willard

FINANCE DIRECTOR

Angela Coen, CPA

WEBSITE

www.longviewtexas.gov



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

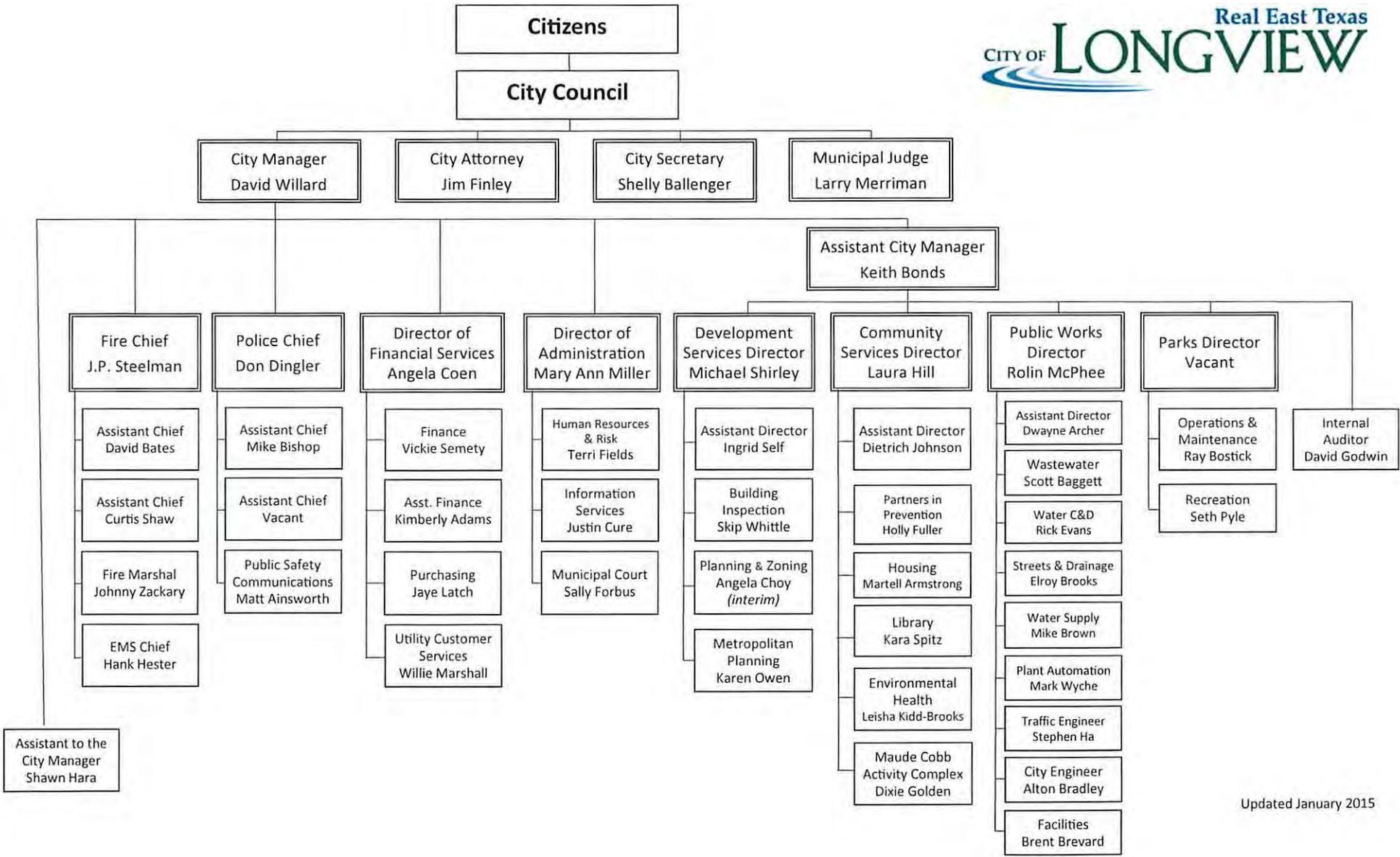
Presented to

**City of Longview
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2013

Executive Director/CEO



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FINANCIAL SECTION

HENRY & PETERS, PC

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and
Members of the City Council
City of Longview, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Longview, Texas, (the "City") as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The City's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Longview, Texas, as of September 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-13 and the required supplementary information on pages 71-73 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

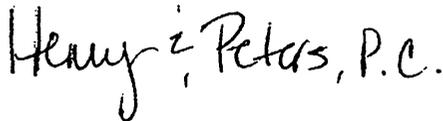
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining fund financial statements and schedules, statistical section, and the Schedule of Expenditures of Federal Awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining fund statements, the individual budgetary financial schedules, and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund statements, the individual budgetary financial schedules, and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2015 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Longview, Texas
March 26, 2015

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**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)**

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

As Management of the City of Longview, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2014. It should be read in conjunction with the accompanying transmittal letter and basic financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the fiscal year ended September 30, 2014, by \$160,391,638 (net position). Of this amount, \$40,529,320 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's current year increase in net position of \$622,308 for the year ended September 30, 2014 can be attributed to several factors.
 - An increase in sales tax revenue of \$546,246 over the prior year collections was realized.
 - An increase in other revenue sources was recognized in governmental and business type activities, such as hotel tax, property tax and sanitation fees.
 - The General Fund had a lower than anticipated expenditures for FY 2013-2014
 - Use of fund balance in the General Fund of \$3,590,226 for major projects.
 - The Water Utility Fund had lower than anticipated expenditures for FY 2013-2014.
 - The Water Utility Fund had an increase in net position of \$2,398,737
 - Property tax collections exceeded expectations by \$311,755, along with franchise fee collections of \$173,836 and services fees of \$145,170.
- As the result of a prior period adjustment, the City realized a decrease in total net position of \$625,808. This decrease is a result of implementing Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which requires bond issuance costs to be expensed when incurred. For details on these adjustments refer to page 70.
- As of September 30, 2014, the City's governmental funds reported combined ending fund balances of \$60,436,796, a total increase of \$15,474,465 in comparison with the prior fiscal year. This increase was mainly due to the following:
 - The issuance of bond proceeds for scheduled street improvement projects of \$23,756,984 (including a premium of \$590,623)
 - The General Fund use of fund balance of \$3,590,226 for major construction projects.
 - The General Fund added four new positions and purchased a new ambulance.
 - Higher than anticipated general revenues such as property taxes, sales taxes and franchise fees.
 - The non-major funds realized an increase to fund balance through the collection of delinquent hotel taxes. This was accomplished through a new audit program established for the Hotel Tax Fund in FY 2012-2013.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis serves as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The Statement of Net Position presents information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The Statement of Net Position combines and consolidates governmental funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations. Other non-financial factors should also be taken into consideration, such as changes in the City's property tax base and the condition of the City's infrastructure (e.g. roads, drainage improvements, storm and sewer lines, etc.), to assess the overall health or financial condition of the City.

The Statement of Activities presents information showing how the City's net position changed during the fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but not used compensated absences). Both the statement of net position and the statement of activities are prepared utilizing the accrual basis of accounting.

In the Statement of Net Position and the Statement of Activities, the City is divided into three kinds of activities:

- **Governmental activities** – Most of the City's basic services are reported here, including the police, fire, planning, transportation, streets, developmental services, cultural and parks, and general administration.
- **Business-type activities** – The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water and sewer system, solid waste, and recreation association are reported here.
- **Component units** – The City includes two types of component units in its report. The Longview Economic Development Corporation is reported as a "discretely presented" component unit in the financial statements. The Longview Firemen's Relief and Retirement Fund, Longview Transit Management, Inc., and the Longview Redevelopment Authority, Inc. are reported as "blended" component units in the financial statements. Although legally separate, these component units are important because the City is financially accountable for them. Longview Economic Development Corporation and the Longview Firemen's Relief and Retirement Fund issue separate financial statements which readers may refer to.

The government-wide financial statements can be found on pages 14-16 of this report.

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by state law and by bond covenants. However, the City establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money. The City's two kinds of funds – governmental and proprietary – use different accounting approaches.

- **Governmental funds** – The majority of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method identified as the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted into cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. By comparing information presented for governmental funds with similar information presented for

governmental activities in the government-wide statements, readers may better understand the long-term impact of the government's near-term financing decisions. The relationships or differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are detailed in a reconciliation following the fund financial statements.

The City maintains 18 individual governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, Capital Projects Fund and Debt Service Fund, which are considered to be major funds. Data for the other 15 governmental funds are combined into a single, aggregated non-major fund presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

- **Proprietary funds** – The City charges customers for the services it provides, whether to outside customers or to other units within the City. These services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are identical to the business-type activities that are reported in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. The Internal Service Funds (the other component of proprietary funds) are utilized to report activities that provide supplies and services for the City's other programs and activities, such as the City's insurance funds, fleet maintenance, and vehicle replacement functions.

The City maintains three enterprise funds. The City uses enterprise funds to account for its water and sewer services, solid waste services, and recreation services. The funds provide the same type of information as the government-wide financial statements, only in more detail and do not include an allocation of the internal service fund activity. The proprietary fund financial statements provide separate information for the water and sewer and solid waste funds, which are both considered major funds of the City. The Longview Recreation Fund is presented individually, due to there being no other non-major funds, but is considered a non-major fund. The aggregated internal service balances are also presented within the proprietary fund financial statements.

The City's basic governmental and proprietary fund financial statements can be found on pages 17-35 of this report.

Reporting the City's Fiduciary Responsibility

The City is the trustee, or fiduciary, for the Longview Firemen's Relief and Retirement Fund. The City's fiduciary activities are reported in a separate Statement of Fiduciary Net Position and Changes in Fiduciary Net Position. The activities of this fund are excluded from the City's government-wide financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in this fund are used for their intended purpose. The basic fiduciary fund financial statements can be found on pages 36-37 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements on pages 38-70 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits and other post-employment benefits to the employees. Required supplementary information can be found on pages 71-73 of this report.

The combining statements and schedules referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the required supplemental information. Combining statements and schedules can be found on pages 74-105 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City's combined net position was \$160,391,638 as of September 30, 2014. Analyzing the net position and net expenses of governmental and business-type activities separately, the business-type activities net position is \$75,681,887 and the governmental net position is \$84,709,751. This analysis focuses on the net position (Table 1) and changes in general revenues (Table 2) and significant expenses of the City's governmental and business-type activities.

The largest portion of the City's net position (62%) reflects its investment in capital assets (e.g. land, buildings, equipment, and infrastructure) less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

TABLE 1

CITY OF LONGVIEW'S NET POSITION

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 74,013,126	\$ 57,977,990	\$ 39,949,440	\$ 42,128,308	\$ 113,962,566	\$ 100,106,298
Capital assets	110,858,648	108,408,311	108,242,219	107,547,674	219,100,867	215,955,985
Total assets	<u>184,871,774</u>	<u>166,386,301</u>	<u>148,191,659</u>	<u>149,675,982</u>	<u>333,063,433</u>	<u>316,062,283</u>
Total Deferred outflows of of resources	<u>384,427</u>	<u>245,060</u>	<u>273,362</u>	<u>690,300</u>	<u>657,789</u>	<u>935,360</u>
Long-Term liabilities	87,235,677	67,357,497	62,916,319	67,390,281	150,151,996	134,747,778
Other liabilities	13,157,671	13,025,949	9,866,815	8,975,826	23,024,486	22,001,775
Total liabilities	<u>100,393,348</u>	<u>80,383,446</u>	<u>72,783,134</u>	<u>76,366,107</u>	<u>173,176,482</u>	<u>156,749,553</u>
Total Deferred inflows of of resources	<u>153,102</u>	<u>141,968</u>	<u>-</u>	<u>-</u>	<u>153,102</u>	<u>141,968</u>
Net Assets						
Net investment in capital assets	54,393,324	57,304,881	44,463,455	39,074,801	98,856,779	96,379,682
Restricted	11,391,150	7,635,957	9,614,389	9,584,155	21,005,539	17,220,112
Unrestricted	<u>18,925,277</u>	<u>21,165,109</u> *	<u>21,604,043</u>	<u>25,341,219</u>	<u>40,529,320</u>	<u>46,506,328</u>
Total net position	<u>\$ 84,709,751</u>	<u>\$ 86,105,947</u>	<u>\$ 75,681,887</u>	<u>\$ 74,000,175</u>	<u>\$ 160,391,638</u>	<u>\$ 160,106,122</u>

- Includes a restatement of net position of \$289,016 for the implementation of GASB 65, which required bond issuance costs to be expensed when incurred. Restatement is required for all years presented.

Governmental Activities

The City’s general revenues decreased by approximately 6% or \$3,754,423 when compared to the prior year’s revenues. The primary reason for this decrease was the transfer of George Richey Road extension to the Texas Department of Transportation for the City’s portion of the project, offset by, the increase in property tax and sales tax revenue collections. The property tax and sales tax revenues increased in aggregate 2% or \$844,406 over the prior year’s actual collections, along with franchise taxes by 5%.

TABLE 2

CITY OF LONGVIEW'S GENERAL REVENUES

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Taxes	\$ 62,508,912	\$ 61,343,004	\$ -	\$ -	\$ 62,508,912	\$ 61,343,004
Other	(886,461)	3,855,553	163,484	341,801	(722,977)	4,197,354
Total	<u>\$ 61,622,451</u>	<u>\$ 65,198,557</u>	<u>\$ 163,484</u>	<u>\$ 341,801</u>	<u>\$ 61,785,935</u>	<u>\$ 65,540,358</u>

Governmental and business-type activities combined increased the City’s net position by \$622,308, with the governmental activities resulting in a decrease of \$1,449,479 and the business-type activities resulting in an increase of \$2,071,786. The key elements in this net change are as follows:

Governmental-type Activities

- Sales tax revenues were higher than budgeted by 5% due to a continued economic recovery. Anticipated property tax revenues collected were above budgeted totals, as were the City’s franchise revenues, fines, and charges for services. Increased collections in permit fees, building inspections and engineering permit fees, due to development expansion in the north part of the City, were also a contributing factor.
- The expenditure of City funds as part of the George Richey Road Extension Project. When complete, the project expands George Richey Road from its current terminus at Gilmer Road on the far northwest side of Longview to Highway 259 on the far northeast side of Longview.
- A developer participation agreement to extend Fourth Street from Hawkins Parkway to Highway 259. The City’s participation expands the road from a two-lane road to a four-lane road plus a turn lane that will be aligned seamlessly with the existing Fourth Street.
- Increased collections of hotel tax revenue due to the collection of delinquent taxes through annual audits.

Business-type Activities

- The net gain to the business-type activities is due to unanticipated increases in revenues due to below average rainfall.
- Increased cost of treating water for safe and healthy consumption, the increased cost of delivering the water to homes and businesses, the increased cost of removing, treating and returning the wastewater to the environment according to government regulations, and because of the increased costs of capital improvement water projects that are necessary for the current and future needs of our community.
- The most significant expenses for Solid Waste Disposal were \$1,348,245 for salaries and benefits and \$643,186 for landfill charges. Fund expenditures slightly increased over prior year.

TABLE 3

CITY OF LONGVIEW'S STATEMENT OF ACTIVITIES

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 10,420,713	\$ 10,105,424	\$ 38,303,860	\$ 40,456,826	\$ 48,724,573	\$ 50,562,250
Operating grants and contributions	9,452,460	8,588,290	-	-	9,452,460	8,588,290
Capital grants and contributions	1,397,447	1,518,166	-	-	1,397,447	1,518,166
General revenues:						
Taxes	62,508,912	61,343,004	-	-	62,508,912	61,343,004
Other	(886,461)	3,855,553	163,484	341,801	(722,977)	4,197,354
Total revenues	<u>82,893,071</u>	<u>85,410,437</u>	<u>38,467,344</u>	<u>40,798,627</u>	<u>121,360,415</u>	<u>126,209,064</u>
Expenses:						
General government	3,370,092	3,825,493	-	-	3,370,092	3,825,493
Public safety	42,433,989	39,448,792	-	-	42,433,989	39,448,792
Public works	10,733,392	11,430,457	-	-	10,733,392	11,430,457
Development services	2,779,375	2,645,444	-	-	2,779,375	2,645,444
Culture and recreation	12,585,476	12,010,715	-	-	12,585,476	12,010,715
Public transit	2,482,593	2,341,016	-	-	2,482,593	2,341,016
Public welfare	6,633,691	7,176,754	-	-	6,633,691	7,176,754
Arts and culture	-	-	-	-	-	-
Interest and fiscal	3,323,942	2,457,093	-	-	3,323,942	2,457,093
Water utilities	-	-	30,405,509	30,245,272	30,405,509	30,245,272
Sanitation	-	-	5,222,130	4,881,272	5,222,130	4,881,272
Nonmajor - Longview						
Recreation	-	-	767,919	697,719	767,919	697,719
Total expenses	<u>84,342,550</u>	<u>81,335,764</u>	<u>36,395,558</u>	<u>35,824,263</u>	<u>120,738,108</u>	<u>117,160,027</u>
Increases in net assets before transfers	(1,449,479)	4,074,673	2,071,786	4,974,364	622,307	9,049,037
Transfers	-	-	-	-	-	-
Change in net position	(1,449,479)	4,074,673	2,071,786	4,974,364	622,307	9,049,037
Net position, beginning	86,394,963	82,150,527	74,000,175	69,025,811	160,395,138	151,176,338
Prior period adjustment	(235,733)	169,763	(390,074)	-	(625,807)	169,763
Total net position	<u>\$ 84,709,751</u>	<u>\$ 86,394,963</u>	<u>\$ 75,681,887</u>	<u>\$ 74,000,175</u>	<u>\$ 160,391,638</u>	<u>\$ 160,395,138</u>

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2014, the City had \$219,100,867 (net of accumulated depreciation) invested in a broad range of capital assets, a net increase (including additions and disposals) of \$2,729,665 from prior year. This increase is largely due to a higher volume of ongoing projects that have not been completed. The capital assets are comprised of police and fire equipment, buildings, park facilities, roads, bridges, water and sewer lines, drainage improvements, and water treatment plants.

TABLE 4

CITY OF LONGVIEW'S CAPITAL ASSETS

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Land	\$4,574,560	\$5,888,786	\$755,576	\$755,576	\$5,330,136	\$6,644,362
Buildings	84,818,387	82,947,619	21,592,860	21,592,860	106,411,247	104,540,479
Equipment	47,715,717	44,922,770	38,101,231	32,869,006	85,816,948	77,791,776
Infrastructure	124,114,991	119,893,214	193,847,218	190,385,100	317,962,209	310,278,314
Construction in progress	19,007,130	14,397,493	3,716,361	3,124,769	22,723,491	17,522,262
Accumulated depreciation	(169,372,137)	(159,641,571)	(149,771,027)	(141,182,471)	(319,143,164)	(300,824,042)
Total	\$110,858,648	\$108,408,311	\$108,242,219	\$107,544,840	\$219,100,867	\$215,953,151

Current Year Major Additions:

	2014
Downtown Street Improvements - Green Street Intersection Improvements	\$2,550,104
Hollybrook Drive Improvements	1,700,815
Regional Airport Supply Line	1,645,318
FM 2275 George Richey Extension	1,155,558
Upgrade Oil Dirt Streets	1,112,336
Downtown Street Improvements - Methvin Street	1,083,065
Magnolia Lane Widening	1,031,463
2012 Water System Improvements	609,527
Longview Train Station & Multimodal Center	595,411
	512,730
	<u>\$11,996,327</u>

The City's 2013-14 Five-Year Capital Improvements Program has approximately \$117,610,000 in projects, of which \$9,225,000 has been adopted for completion in the current year. The projects are as follows: Drainage - \$475,000, Water - \$800,000 and Wastewater - \$800,000, Streets - \$1,000,000 and Municipal Facilities - \$6,150,000.

Completing these programs will result in improvements to bridges and culverts on Hill Road Bridge at Grace Creek and provide shoulder widening to improve the safety of the traveling public. These programs will also help to construct a new animal shelter, replace the corrals at the rodeo grounds, and provide for new restroom buildings and open pavilion at the Longview Fairgrounds. It will also help to purchase right-of-way and relocate utility lines for the furtherance of the FM2275 George Richey Road Texas Department of Transportation project. These programs will be

replacing the wastewater main along West Radio Street and rehabilitating the Eastman Lake Creek Interceptor between Cotton Street and US 80. Finally, the program will help to replace existing water lines that are undersized and beyond their maintenance life at 15th from Ridglea to Morgan, Turner Drive, Charlotte Drive, 6th from Turner to US Highway 80; and to rehabilitate and (or) repair the water line to Sabine and Hutchings from Dean Street to Level Street.

Additional information regarding the City's capital assets can be found in Note 4 on pages 52-54 of this report.

Debt Administration

At the end of the current fiscal year, the City had \$141,935,000 in general obligation and revenue bonds outstanding. This represents an increase of \$12,810,000 compared to the prior year. The following table shows the debt outstanding at September 30, 2014 and 2013:

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
General obligation bonds	\$77,155,000	\$58,255,000	\$ -	\$ -	\$77,155,000	\$58,255,000
Revenue bonds	-	-	64,780,000	70,870,000	64,780,000	70,870,000
Total	<u>\$77,155,000</u>	<u>\$58,255,000</u>	<u>\$64,780,000</u>	<u>\$70,870,000</u>	<u>\$141,935,000</u>	<u>\$129,125,000</u>

As of September 30, 2014, the City had \$77,155,000 of outstanding tax supported debt. The current debt service requirement on existing tax-supported debt is \$7,374,585.

On May 14, 2011, a bond issuance of \$52,600,000 was authorized by the registered voters of the city to be issued in three separate series referred to as the Street Bond Package. On August 25, 2011 the City issued \$21,300,000, and then in 2013 issued the second series for \$23,170,000. The remaining \$8,130,000 is anticipated to be issued in September of 2015.

On September 24, 2014 the City called redemption of the General Obligation Bonds, Series 2005. This refunding will result in a present value debt service savings of approximately \$238,718.

As of September 30, 2014, the City had \$41,767,359 water and \$23,012,641 sewer for a total of \$64,780,000 of Water and Sewer Revenue Bonds outstanding. The current debt service requirement for FY14-15 is \$8,861,094. The Bond Reserve fund has accumulated the required amount of reserves which is equal to at least the average annual principal and interest requirements of the bonds similarly secured; therefore, a transfer from the Water Utilities fund in FY13-14 was not required.

There were no new issuances of Water and Sewer Revenue bonds for the current fiscal year.

The City also utilizes capital leases to finance equipment purchases. The assets are recorded on the City's records along with the outstanding lease obligation payable. At September 30, 2014, the City had a total of \$6,740,172 of outstanding obligations.

The following table shows the capital lease obligations for the governmental and business-type funds:

TABLE 6

CITY OF LONGVIEW'S CAPITAL LEASE OBLIGATIONS

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Capital Lease obligations	\$3,563,837	\$3,940,178	\$3,176,335	\$1,651,015	\$6,740,172	\$5,591,193
Total	\$3,563,837	\$3,940,178	\$3,176,335	\$1,651,015	\$6,740,172	\$5,591,193

There was a new lease for the purchase of 8 sanitation trucks to be used in the new Simplified Collection Program for both trash and recycling.

The City's General Obligation and Waterworks and Sewer System Bond ratings are as follows:

	Fitch	Standard & Poor's
General obligation	AA	AA+
Revenue bonds		AA

For additional information regarding the City's outstanding debt or capital lease obligations, refer to Notes 6 and 7 on page 60-65 of this report.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds

The focus on the City of Longview's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City's combined governmental funds reported a combined fund balance of \$60,436,796, an increase of \$15,474,465 in comparison to the prior year. Approximately 22% of this amount (\$13,436,322) represents unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is reserved to indicate that it is not available to pay for new spending because it has already been restricted, committed or is non-spendable (e.g. inventories). For additional information regarding the City's fund balance categories and balances see page 43-44.

The General Fund is the chief operating fund of the City of Longview. At the end of the current fiscal year, unassigned fund balance was \$13,544,591 while total fund balance was \$20,840,224. As a measure of the General Fund's liquidity, it may be useful to compare both the unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 23% of total General Fund expenditures, while the total fund balance represents 35% of that same amount.

The fund balance of the City of Longview's General Fund decreased \$2,543,017 during the current fiscal year. Key factors in this decrease are as follows:

- An increase in sales tax revenue of \$682,806 due to economic conditions
- Along with an increase in property taxes of \$161,600
- Use of fund balance for major projects
- A decrease in debt service cost due to the maturity of issuances, and
- Other cost savings from general fund functions of administrative costs, maintenance costs and vacancy savings

The Debt Service Fund has a total fund balance of \$2,504,150, all of which is reserved for the payment of debt service. The net decrease in fund balance during the current year in the Debt Service Fund was \$483,571 which can be attributed to the funding of interest payments for the 2013 Street Bond issuance.

The Capital Projects Fund has a total fund balance of \$29,649,810, all of which is either restricted or committed for the capital project funding. The net increase in fund balance during the current year in the Capital Projects Fund was \$17,124,117. This increase is due to the 2013 Street Bond issue proceeds.

Proprietary Funds

The City's proprietary funds statements provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the Water Utilities Fund at the end of the year amounted to \$19,124,051, and those for the Solid Waste Disposal Fund amounted to \$(613,475). The negative unrestricted fund balance in the Solid Waste Disposal Fund is a result of the purchase of recycling bins for the new Simplified Collection Program. This program is anticipated to generate surplus revenue through attrition and operational savings which will be utilized to restore the unassigned fund balance.

The Water Utilities Fund experienced an increase in net position of \$2,398,737 during the current year. The net gain is due to unanticipated increases in revenues due to below average rainfall; however this increase was offset to some degree with increased cost of production. As noted earlier in the discussion of business-type activities, this increase in production cost is attributed to increases in the costs of treating water for safe and healthy consumption, delivering the water to homes and businesses, removing, treating and returning the wastewater to the environment according to government regulations, and because of the increased costs of capital improvement water projects that are necessary for the current and future needs of our community.

General Fund Budgetary Highlights

During the current fiscal year, there were four budget amendments totaling \$3,590,226. The amendments were for \$125,000 to fund the reclamation of Estes Parkway, \$1,650,000 for the continued project to extend George Richey Road in partnership with TXDOT and Gregg County, \$460,726 for the design cost of a new animal shelter to be operated by the City, and \$1,354,500 for the City's portion of the extension of Fourth Street .

Total revenue was above budget by \$1,537,149. The details of the more significant variances of budget to actual collections are detailed below:

- \$998,223 increase in anticipated sales taxes
- \$311,755 increase in anticipated property taxes
- \$118,672 increase in building permits, along with increases to the other types of fees that are charged such as building inspections, engineering permits and fire inspections
- \$178,836 increase in franchise fees.
- \$106,939 increase in miscellaneous revenue due to LEDCO's contribution for park improvement projects.

Total expenditures for the General Fund were \$2,263,561 under the final expenditure budget. The details of the more significant variances of budget to actual expenditures are detailed below:

- \$293,070 decrease in police due to vacancies in personnel throughout the year
- \$190,297 decrease in fire due to vacancies in personnel throughout the year
- \$174,777 decrease in street maintenance due to savings in supplies
- \$92,082 decrease in city attorney due to savings in litigation costs
- \$228,709 decrease in environmental health is due to vacancies in personnel throughout the year and savings in supplies
- \$163,000 decrease in traffic maintenance supplies

NEXT YEAR'S BUDGET AND RATES

- Estimates a 2.07% increase in overall appraised property values, resulting in an estimated \$435,689 increase in property tax collections
- Estimates a 7.25% increase in sales tax collection, which is an estimated increase of \$1,493,191
- Includes a property tax rate of \$0.5099
- Includes no increases in employee salaries
- Does not include an increase in residential sanitation rates
- Includes a water and sewer rate change of approximately 2%
- Begin to implement the City of Longview's Comprehensive Plan
- Construction of a City operated Animal Shelter

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department, at the City of Longview, 300 W. Cotton Street, Longview, Texas 75601.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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CITY OF LONGVIEW, TEXAS

**STATEMENT OF NET POSITION
SEPTEMBER 30, 2014**

	Primary Government			Component Unit
	Governmental Activities	Business Activities	Total	Longview Economic Development Corporation
ASSETS				
Cash and cash equivalents	\$ 10,429,367	\$ 11,111,701	\$ 21,541,068	\$ 11,831,082
Investments	19,105,383	6,769,448	25,874,831	-
Receivables (net of allowances for uncollectibles)				
Taxes	7,303,788	-	7,303,788	927,183
Accounts	1,177,626	4,496,551	5,674,177	-
Other	541,794	-	541,794	-
Internal balances	(2,986,115)	2,986,115	-	-
Intergovernmental receivable	1,290,330	-	1,290,330	-
Accrued interest	12,537	5,561	18,098	-
Inventories	343,162	1,001,347	1,344,509	-
Prepaid and other assets	29,977	5,207	35,184	4,820
Notes receivable	-	-	-	749,166
Investment in property	-	-	-	1,360,371
Restricted assets:				
Cash and cash equivalents	22,209,640	8,066,288	30,275,928	770,500
Investments	14,555,637	5,507,222	20,062,859	-
Capital assets:				
Land	4,574,560	755,576	5,330,136	5,265,546
Buildings and improvements	84,818,387	21,592,860	106,411,247	185,149
Machinery and equipment	47,715,717	38,101,231	85,816,948	214,604
Infrastructure	124,114,991	193,847,218	317,962,209	15,586,323
Construction in progress	19,007,130	3,716,361	22,723,491	1,465,106
Less: accumulated depreciation	(169,372,137)	(149,771,027)	(319,143,164)	(7,522,675)
Total capital assets	110,858,648	108,242,219	219,100,867	15,194,053
Total assets	184,871,774	148,191,659	333,063,433	30,837,175
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on refunding, net of amortization	384,427	273,362	657,789	-
Total deferred outflows of resources	384,427	273,362	657,789	-
LIABILITIES				
Accounts payable and accrued expenses	4,039,438	1,032,024	5,071,462	52,776
Payables from restricted assets:				
Accounts payable and accrued expenses	1,587,496	1,334,431	2,921,927	-
Meter deposits	-	329,358	329,358	-
Family self-sufficiency escrow	38,431	-	38,431	-
Other liabilities	4,967	-	4,967	-
Other payables	759,046	-	759,046	-
Noncurrent liabilities:				
Due within one year	6,728,293	7,171,002	13,899,295	2,066,961
Due in more than one year	87,235,677	62,916,319	150,151,996	9,166,537
Total liabilities	100,393,348	72,783,134	173,176,482	11,286,274
DEFERRED INFLOWS OF RESOURCES				
Advance of grant funds	153,102	-	153,102	-
Total deferred inflows of resources	153,102	-	153,102	-
NET POSITION				
Net investment in capital assets	54,393,324	44,463,455	98,856,779	8,274,204
Restricted for:				
Grant requirements	1,091,777	-	1,091,777	-
Capital projects	3,557,410	-	3,557,410	-
Debt service	2,504,150	9,614,389	12,118,539	770,500
911 Emergency operations	908,996	-	908,996	-
Tourism and convention facilities	2,469,735	-	2,469,735	-
Other purposes	859,082	-	859,082	-
Unrestricted	18,925,277	21,604,043	40,529,320	10,506,197
Total net position	\$ 84,709,751	\$ 75,681,887	\$ 160,391,638	\$ 19,550,901

The accompanying notes are an integral part of these financial statements.

CITY OF LONGVIEW, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2014

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities:				
General government	\$ 3,370,092	\$ 87,507	\$ -	\$ -
Public safety	42,433,989	7,962,114	249,537	45,805
Public works	10,733,392	-	1,462,381	361,427
Developmental services	2,779,375	1,076,074	899,097	-
Culture and recreation	12,585,476	783,514	6,100	-
Public transit	2,482,593	348,037	1,446,555	990,215
Public welfare	6,633,691	163,467	5,388,790	-
Interest and fiscal charges	3,323,942	-	-	-
Total governmental activities	<u>84,342,550</u>	<u>10,420,713</u>	<u>9,452,460</u>	<u>1,397,447</u>
Business-type activities:				
Water utilities	30,405,509	32,637,964	-	-
Sanitation	5,222,130	5,019,873	-	-
Nonmajor funds - Longview Recreation Association	767,919	646,023	-	-
Total business-type activities	<u>36,395,558</u>	<u>38,303,860</u>	<u>-</u>	<u>-</u>
Total primary government	<u>120,738,108</u>	<u>48,724,573</u>	<u>9,452,460</u>	<u>1,397,447</u>
Component unit				
Longview Economic Development Corporation	6,004,799	578,749	-	-
Total component unit				

General revenues:
Taxes:
 Property taxes
 Sales taxes
 Franchise taxes
 Other taxes
Industrial agreements
Investment earnings
Miscellaneous
Gain on sale of asset
Special items:
 Transfer of roadway to other government
 Change in accounting estimate
 Total general revenues and special items

Change in net position

Net position - beginning

Prior period adjustment (Note 13)

Net position - ending

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue and Changes in Net Position

Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Longview Economic Development Corporation
\$ (3,282,585)	\$ -	\$ (3,282,585)	\$ -
(34,176,533)	-	(34,176,533)	-
(8,909,584)	-	(8,909,584)	-
(804,204)	-	(804,204)	-
(11,795,862)	-	(11,795,862)	-
302,214	-	302,214	-
(1,081,434)	-	(1,081,434)	-
(3,323,942)	-	(3,323,942)	-
<u>(63,071,930)</u>	<u>-</u>	<u>(63,071,930)</u>	<u>-</u>
-	2,232,455	2,232,455	-
-	(202,257)	(202,257)	-
-	<u>(121,896)</u>	<u>(121,896)</u>	<u>-</u>
-	<u>1,908,302</u>	<u>1,908,302</u>	<u>-</u>
<u>(63,071,930)</u>	<u>1,908,302</u>	<u>(61,163,628)</u>	<u>-</u>
-	-	-	(5,426,050)
27,235,966	-	27,235,966	-
27,081,436	-	27,081,436	5,416,286
5,859,967	-	5,859,967	-
2,331,543	-	2,331,543	-
1,503,063	-	1,503,063	-
392,452	157,225	549,677	92,599
917,424	1,228	918,652	67,190
14,705	5,031	19,736	472,614
(3,952,485)	-	(3,952,485)	-
238,380	-	238,380	-
<u>61,622,451</u>	<u>163,484</u>	<u>61,785,935</u>	<u>6,048,689</u>
(1,449,479)	2,071,786	622,308	622,639
86,394,963	74,000,175	160,395,138	19,037,262
<u>(235,734)</u>	<u>(390,074)</u>	<u>(625,808)</u>	<u>(109,000)</u>
<u>\$ 84,709,751</u>	<u>\$ 75,681,887</u>	<u>\$ 160,391,638</u>	<u>\$ 19,550,901</u>

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FUND FINANCIAL STATEMENTS

CITY OF LONGVIEW, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

SEPTEMBER 30, 2014

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>
ASSETS			
Cash and cash equivalents	\$ 2,151,323	\$ 2,469,059	\$ 16,099,602
Investments	15,924,816	-	14,555,637
Accounts receivable, net	6,804,176	574,388	-
Intergovernmental receivable	-	-	-
Inventory	181,214	-	-
Due from other funds	775,937	11,787	-
Other assets	-	68	2,000
Accrued interest	7,875	-	3,238
Total assets	<u><u>\$ 25,845,341</u></u>	<u><u>\$ 3,055,302</u></u>	<u><u>\$ 30,660,477</u></u>
LIABILITIES			
Liabilities:			
Accounts payable	\$ 1,337,504	\$ -	\$ 1,010,667
Accrued liabilities	1,447,039	-	-
Due to other funds	11,787	-	-
Other payables	527,376	-	-
Family self-sufficiency escrow	-	-	-
Total liabilities	<u>3,323,706</u>	<u>-</u>	<u>1,010,667</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	462,552	551,152	-
Unavailable revenue - other	1,218,859	-	-
Advance of grant funds	-	-	-
Total deferred inflows of resources	<u>1,681,411</u>	<u>551,152</u>	<u>-</u>
Fund balances:			
Nonspendable	181,214	-	-
Restricted	61,289	2,504,150	28,077,090
Committed	-	-	1,572,720
Assigned	7,053,130	-	-
Unassigned	13,544,591	-	-
Total fund balances	<u>20,840,224</u>	<u>2,504,150</u>	<u>29,649,810</u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 25,845,341</u></u>	<u><u>\$ 3,055,302</u></u>	<u><u>\$ 30,660,477</u></u>

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

An Internal Service Fund is used by management to charge costs of certain capital assets to individual funds. The assets and liabilities of the Internal Service Fund are included in the governmental activities in the statement of net position.

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Net assets of governmental activities

The accompanying notes are an integral part of these financial statements.

Total Nonmajor Funds	Total Governmental Funds
\$ 6,133,043	\$ 26,853,027
500,000	30,980,453
1,342,456	8,721,020
1,290,330	1,290,330
-	181,214
56,864	844,588
27,909	29,977
89	11,202
<u>\$ 9,350,691</u>	<u>\$ 68,911,811</u>

\$ 578,658	\$ 2,926,829
68,450	1,515,489
832,801	844,588
236,637	764,013
38,431	38,431
<u>1,754,977</u>	<u>6,089,350</u>

	1,013,704
	1,218,859
153,102	153,102
<u>153,102</u>	<u>2,385,665</u>

-	181,214
5,268,301	35,910,830
2,282,580	3,855,300
-	7,053,130
(108,269)	13,436,322
<u>7,442,612</u>	<u>60,436,796</u>

\$ 9,350,691

106,262,805

2,232,563

9,224,913

(93,447,326)

\$ 84,709,751

CITY OF LONGVIEW, TEXAS

**STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES**

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>
REVENUES			
Taxes	\$ 48,104,645	\$ 6,559,469	\$ -
Fines and forfeitures	2,840,427	-	-
Licenses and permits	1,321,450	-	-
Intergovernmental	-	-	1,250,000
Charges for services	3,689,527	-	-
Investment earnings	202,793	26,337	99,586
Industrial agreements	1,503,063	-	-
Miscellaneous	353,466	5,815	186,443
Total revenues	<u>58,015,371</u>	<u>6,591,621</u>	<u>1,536,029</u>
EXPENDITURES			
Current:			
General government	2,985,433	-	1,522
Public safety	37,930,215	-	-
Public works	4,807,772	-	-
Developmental services	1,774,848	-	-
Public welfare	1,470,934	-	-
Culture and recreation	7,548,078	-	-
Public transit	47,868	-	-
Debt service:			
Principal	367,446	4,560,000	-
Interest and other charges	141,948	2,583,931	463,888
Capital outlay	2,032,290	-	11,511,773
Total expenditures	<u>59,106,832</u>	<u>7,143,931</u>	<u>11,977,183</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,091,461)	(552,310)	(10,441,154)
OTHER FINANCING SOURCES (USES)			
General obligation bonds issued	-	3,639	23,166,361
Refunding bonds issued	-	5,975,000	-
Payment to refunded bond escrow agent	-	(5,685,000)	-
Discount on refunding bonds issued	-	(224,900)	-
Premium on general obligation bonds issued	-	-	590,623
Insurance proceeds	-	-	-
Sale of capital assets	36,816	-	-
Transfers in	2,588,469	-	4,315,226
Transfers out	(4,076,841)	-	(506,939)
Total other financing sources and uses	<u>(1,451,556)</u>	<u>68,739</u>	<u>27,565,271</u>
NET CHANGE IN FUND BALANCES	(2,543,017)	(483,571)	17,124,117
FUND BALANCES, BEGINNING	<u>23,383,241</u>	<u>2,987,721</u>	<u>12,525,693</u>
FUND BALANCES, ENDING	<u>\$ 20,840,224</u>	<u>\$ 2,504,150</u>	<u>\$ 29,649,810</u>

The accompanying notes are an integral part of these financial statements.

<u>Total Nonmajor Funds</u>	<u>Total Governmental</u>
\$ 7,821,373	\$ 62,485,487
660,561	3,500,988
-	1,321,450
9,599,907	10,849,907
1,627,976	5,317,503
22,482	351,198
-	1,503,063
235,049	780,773
<u>19,967,348</u>	<u>86,110,369</u>
20,554	3,007,509
1,512,289	39,442,504
2,655,162	7,462,934
944,250	2,719,098
4,938,295	6,409,229
2,053,661	9,601,739
2,105,019	2,152,887
6,629	4,934,075
3,618	3,193,385
2,069,770	15,613,833
<u>16,309,247</u>	<u>94,537,193</u>
3,658,101	(8,426,824)
-	23,170,000
-	5,975,000
-	(5,685,000)
-	(224,900)
-	590,623
35,586	35,586
3,164	39,980
461,615	7,365,310
(2,781,530)	(7,365,310)
<u>(2,281,165)</u>	<u>23,901,289</u>
1,376,936	15,474,465
<u>6,065,676</u>	<u>44,962,331</u>
<u>\$ 7,442,612</u>	<u>\$ 60,436,796</u>

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CITY OF LONGVIEW, TEXAS

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds:	\$ 15,474,465
Governmental funds report capital outlays as expenditures. In addition, property and equipment contributed to governmental funds (either by a donation or transfer from a proprietary fund) is not recorded in the governmental funds. In the statement of activities, however, these items are recorded as capital assets and their acquisition costs (or fair value if donated) are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay and contributed assets exceeded depreciation expense in the current year.	6,578,282
In the statement of activities, only the gain on sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold, donated, or transferred.	(4,003,184)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	586,577
The issuance of long-term debt (e.g. bonds, leases, etc.) provides current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(18,860,423)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(1,178,845)
Internal service funds are used by management to charge the costs of general insurance, group health insurance, workers' compensation insurance, and fleet services to individual funds. The net expenses of certain activities of internal service funds is reported within governmental activities.	<u>(46,351)</u>
Change in net position of governmental activities	<u>\$ (1,449,479)</u>

The accompanying notes are an integral part of these financial statements.

CITY OF LONGVIEW, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts	
	Original	Final
REVENUE		
Taxes	\$ 46,641,097	\$ 46,641,097
Fines, forfeits, and penalties	2,995,000	2,995,000
Licenses, permits, and fees	1,176,300	1,176,300
Charges for services	3,657,492	3,657,492
Investment earning	202,400	202,400
Contractual fees	1,503,063	1,503,063
Miscellaneous revenue	319,692	319,692
Total revenue	56,495,044	56,495,044
EXPENDITURES		
Current:		
General government	3,384,638	3,384,638
Public safety	38,515,504	38,755,225
Public works	5,059,126	5,253,411
Development services	56,650	56,650
Public welfare	1,881,391	2,077,649
Culture and recreation	1,703,830	1,703,830
Public transit	7,579,070	7,660,528
Debt service:		
Principal	367,445	367,445
Interest and other charges	141,948	141,948
Capital outlay	1,614,859	1,829,258
Total expenditures	60,304,461	61,230,582
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(3,809,417)	(4,735,538)
OTHER FINANCING SOURCES (USES)		
Proceeds from sale of assets	8,000	8,000
Transfers in	2,731,530	2,731,530
Transfers out	(461,615)	(4,051,841)
Total other financing sources (uses)	2,277,915	(1,312,311)
NET CHANGE IN FUND BALANCE	(1,531,502)	(6,047,849)
FUND BALANCE - BEGINNING	23,383,241	23,383,241
FUND BALANCE - END	\$ 21,851,739	\$ 17,335,392

Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget
\$ 48,104,645	\$ 20,266	\$ 48,124,911	\$ 1,483,814
2,840,427	-	2,840,427	(154,573)
1,321,450	-	1,321,450	145,150
3,689,527	-	3,689,527	32,035
202,793	(3,444)	199,349	(3,051)
1,503,063	-	1,503,063	-
353,466	-	353,466	33,774
<u>58,015,371</u>	<u>16,822</u>	<u>58,032,193</u>	<u>1,537,149</u>
2,991,932	11,687	3,003,619	381,019
37,930,215	(123,403)	37,806,812	948,413
4,807,772	(881)	4,806,891	446,520
1,774,848	1,278	1,776,126	(1,719,476)
1,470,934	(690)	1,470,244	607,405
7,548,078	(27,802)	7,520,276	(5,816,446)
47,868	-	47,868	7,612,660
367,446	-	367,446	(1)
141,948	-	141,948	-
2,025,791	-	2,025,791	(196,533)
<u>59,106,832</u>	<u>(139,811)</u>	<u>58,967,021</u>	<u>2,263,561</u>
<u>(1,091,461)</u>	<u>156,633</u>	<u>(934,828)</u>	<u>3,800,710</u>
36,816	-	36,816	28,816
2,588,469	-	2,588,469	(143,061)
<u>(4,076,841)</u>	<u>-</u>	<u>(4,076,841)</u>	<u>(25,000)</u>
<u>(1,451,556)</u>	<u>-</u>	<u>(1,451,556)</u>	<u>(139,245)</u>
(2,543,017)	156,633	(2,386,384)	3,661,465
23,383,241	-	23,383,241	-
<u>\$ 20,840,224</u>	<u>\$ 156,633</u>	<u>\$ 20,996,857</u>	<u>\$ 3,661,465</u>

CITY OF LONGVIEW, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2014

	Enterprise Funds	
	Water Utilities	Sanitation
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 9,359,851	\$ 1,614,579
Investments	6,769,448	-
Accounts receivable, net	3,917,578	578,973
Inventories	1,001,347	-
Accrued interest	5,561	-
Other assets	5,207	-
Restricted assets:		
Cash and cash equivalents	8,066,288	-
Investments	5,507,222	-
Total current assets	34,632,502	2,193,552
Non-current assets:		
Advance receivable	2,370,244	-
Capital assets:		
Land	750,000	5,576
Buildings	21,362,562	213,798
Water and sewer system	193,847,218	-
Machinery and equipment	30,801,785	7,260,159
Construction in progress	3,696,111	20,250
Less accumulated depreciation	(147,248,851)	(2,504,865)
Total non-current assets	105,579,069	4,994,918
Total assets	140,211,571	7,188,470
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding (net of amortization)	273,362	-
Total deferred outflows of resources	273,362	-

(continued)

<u>Enterprise Funds</u>		
<u>Nonmajor - Longview Recreation Association</u>	<u>Total</u>	<u>Internal Service Funds</u>
\$ 137,271	\$ 11,111,701	\$ 5,785,980
-	6,769,448	2,680,567
-	4,496,551	302,188
-	1,001,347	161,948
-	5,561	1,335
-	5,207	-
-	8,066,288	-
-	5,507,222	-
<u>137,271</u>	<u>36,963,325</u>	<u>8,932,018</u>
-	2,370,244	-
-	755,576	-
16,500	21,592,860	406,696
-	193,847,218	-
39,287	38,101,231	15,531,359
-	3,716,361	-
<u>(17,311)</u>	<u>(149,771,027)</u>	<u>(11,342,213)</u>
<u>38,476</u>	<u>110,612,463</u>	<u>4,595,842</u>
<u>175,747</u>	<u>147,575,788</u>	<u>13,527,860</u>
-	273,362	-
-	273,362	-

CITY OF LONGVIEW, TEXAS

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

(Continued)

SEPTEMBER 30, 2014

	Enterprise Funds	
	Water Utilities	Sanitation
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 571,026	\$ 177,218
Accrued liabilities	190,377	64,908
Compensated absences	123,326	17,669
Capital lease obligation	44,863	496,782
Claims and judgments	-	-
Current liabilities payable from restricted assets:		
Accounts payable - construction	1,114,752	-
Accrued interest payable	219,679	-
Revenue bonds	6,488,148	-
Customer deposits	329,358	-
Total current liabilities	9,081,529	756,577
Non-current liabilities:		
Advance payable	-	2,370,244
Compensated absences	698,847	100,122
Other post-employment benefits	711,331	76,866
Capital lease obligation	486,239	2,148,452
Revenue bonds payable	58,693,252	-
Total non-current liabilities	60,589,669	4,695,684
Total liabilities	69,671,198	5,452,261
NET POSITION		
Invested in capital assets, net of related debt	42,075,295	2,349,684
Restricted for debt service	9,614,389	-
Unrestricted	19,124,051	(613,475)
Total net position	\$ 70,813,735	\$ 1,736,209

The assets and liabilities of certain internal service funds are not included in the fund financial statement, but are included in the business activities of the Statement of Net Position.

Total net position per government-wide financial statements

The accompanying notes are an integral part of these financial statements.

<u>Enterprise Funds</u>		
<u>Nonmajor - Longview Recreation Association</u>	<u>Total</u>	<u>Internal Service Funds</u>
26,172	\$ 774,416	\$ 150,025
2,323	257,608	36,681
214	141,209	17,661
-	541,645	2,022
-	-	871,551
-	1,114,752	-
-	219,679	-
-	6,488,148	-
-	329,358	-
<u>28,709</u>	<u>9,866,815</u>	<u>1,077,940</u>
-	2,370,244	-
1,210	800,179	100,089
-	788,197	116,007
-	2,634,691	22,796
-	58,693,252	-
<u>1,210</u>	<u>65,286,563</u>	<u>238,892</u>
<u>29,919</u>	<u>75,153,378</u>	<u>1,316,832</u>
38,476	44,463,455	4,571,024
-	9,614,389	-
<u>107,352</u>	<u>18,617,928</u>	<u>7,640,004</u>
<u>\$ 145,828</u>	<u>72,695,772</u>	<u>\$ 12,211,028</u>
	<u>2,986,115</u>	
	<u>\$ 75,681,887</u>	

CITY OF LONGVIEW, TEXAS

**STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION**

PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Enterprise Funds	
	Water Utilities	Sanitation
OPERATING REVENUES		
Water revenue	\$ 19,367,880	\$ -
Sewer revenue	12,084,900	-
Solid waste collections	-	5,019,873
Installation fees	690,602	-
Penalties	494,582	-
Recreation revenue	-	-
Premiums	-	-
Vehicle revenue	-	-
GIS revenue	-	-
Cable fees	-	-
Miscellaneous	-	-
Total operating revenues	32,637,964	5,019,873
OPERATING EXPENSES		
Administrative	819,689	-
Utility services	1,254,963	-
Water supply	2,957,815	-
Water distribution	3,029,683	-
Water purification	3,641,692	-
Sanitary sewer maintenance	1,743,798	-
Sanitary sewer treatment	3,016,815	-
Plant automation	553,443	-
Public works engineering	167	-
Non-departmental expense	2,205,776	-
Sanitation services	-	4,440,696
Claims and premiums, net of reimbursements	-	-
Fleet service	-	-
Depreciation	8,117,841	726,556
Recreation expenses	-	-
Total operating expenses	27,341,682	5,167,252
OPERATING INCOME (LOSS)	5,296,282	(147,379)

(continued)

Nonmajor Enterprise Funds Nonmajor - Longview Recreation Association	Total	Internal Service Funds
\$ -	\$ 19,367,880	\$ -
-	12,084,900	-
-	5,019,873	-
-	690,602	-
-	494,582	-
646,023	646,023	-
-	-	8,853,477
-	-	3,708,978
-	-	645,646
-	-	243,970
-	-	33,701
646,023	38,303,860	13,485,772
-	819,689	1,870,055
-	1,254,963	-
-	2,957,815	-
-	3,029,683	-
-	3,641,692	-
-	1,743,798	-
-	3,016,815	-
-	553,443	-
-	167	-
-	2,205,776	-
-	4,440,696	-
-	-	8,636,013
-	-	1,966,033
5,215	8,849,612	1,318,656
762,704	762,704	-
767,919	33,276,853	13,790,757
(121,896)	5,027,007	(304,985)

CITY OF LONGVIEW, TEXAS

**STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION**

PROPRIETARY FUNDS

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Enterprise Funds	
	Water Utilities	Sanitation
NON-OPERATING REVENUES (EXPENSES)		
Interest and investment revenues	\$ 144,381	\$ 11,913
Miscellaneous revenues	-	1,228
Gain (loss) on sale of capital asset	(23,807)	5,031
Interest expense	(3,003,869)	(49,114)
Miscellaneous expenses	(14,250)	-
Total non-operating revenues (expenses)	(2,897,545)	(30,942)
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	2,398,737	(178,321)
SPECIAL ITEM		
Change in accounting estimate	-	-
CHANGE IN NET POSITION	2,398,737	(178,321)
TOTAL NET POSITION, BEGINNING	68,805,072	1,914,530
PRIOR PERIOD ADJUSTMENTS (NOTE 13)	(390,074)	-
TOTAL NET POSITION, ENDING	\$ 70,813,735	\$ 1,736,209

Change in net position, per above

Internal Service Funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of certain Internal Service Funds is reported with business activities.

Change in business-type activities in net position per government-wide financial statements

The accompanying notes are an integral part of these financial statements.

<u>Nonmajor Enterprise Funds</u>	<u>Total</u>	<u>Internal Service Funds</u>
Nonmajor - Longview Recreation Association		
\$ 931	\$ 157,225	\$ 41,254
-	1,228	70,420
-	(18,776)	75,550
-	(3,052,983)	(917)
-	(14,250)	-
<u>931</u>	<u>(2,927,556)</u>	<u>186,307</u>
(120,965)	2,099,451	(118,678)
-	-	44,662
(120,965)	2,099,451	(74,016)
266,793	70,986,395	12,285,044
-	(390,074)	-
<u>\$ 145,828</u>	72,695,772	<u>\$ 12,211,028</u>
	2,099,451	
	<u>(27,665)</u>	
	<u>\$ 2,071,786</u>	

CITY OF LONGVIEW, TEXAS

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Business-type Activities Enterprise Funds		
	Water Utilities	Solid Waste Disposal	Nonmajor Longview Recreation Association
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 30,564,656	\$ 5,007,830	\$ 646,022
Cash received from City departments	-	-	-
Cash received from premiums/contributions	-	-	-
Cash received - miscellaneous	-	-	-
Cash payments for claims	-	-	-
Cash payments for goods and services	(9,610,564)	(3,055,205)	(656,512)
Cash payments to employees/retirees	(6,870,714)	(1,327,197)	(97,345)
Net cash provided by (used by) operating activities	14,083,378	625,428	(107,835)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Advance from other funds for capital purchase	-	2,370,244	-
Proceeds from sale of refunding revenue bonds	-	-	-
Payment to escrow agent	-	-	-
Unamortized bond issuance costs	-	-	-
Acquisition and construction of capital assets	(3,844,605)	(2,386,567)	(10,000)
Proceeds on sale of capital asset	-	5,912	-
Principal paid on long-term debt	(6,133,264)	(917,816)	-
Interest and fiscal charges on debt	(2,882,763)	(41,839)	-
Net cash used by capital and related financing activities	(12,860,632)	(970,066)	(10,000)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales and maturities of investments	1,243,401	1,031,905	-
Advance to other funds	(2,370,244)	-	-
Purchase of investments	-	-	-
Interest on investments	144,296	12,327	931
Net cash provided by (used by) investing activities	(982,547)	1,044,232	931
NET INCREASE (DECREASE) IN CASH	240,199	699,594	(116,904)
CASH AND CASH EQUIVALENTS, BEGINNING	17,185,940	914,985	254,175
CASH AND CASH EQUIVALENTS, ENDING	\$ 17,426,139	\$ 1,614,579	\$ 137,271

(continued)

	Governmental Activities
Total	Internal Service Funds
\$ 36,218,508	\$ -
-	4,628,932
-	8,632,279
-	36,005
-	(8,621,103)
(13,322,281)	(2,336,971)
<u>(8,295,256)</u>	<u>(1,462,797)</u>
14,600,971	876,345
2,370,244	-
-	-
-	-
-	-
(6,241,172)	(1,164,551)
5,912	76,283
(7,051,080)	(2,022)
<u>(2,924,602)</u>	<u>(917)</u>
(13,840,698)	(1,091,207)
2,275,306	120,679
(2,370,244)	-
-	(1,855,440)
157,554	40,367
<u>62,616</u>	<u>(1,694,394)</u>
822,889	(1,909,256)
<u>18,355,100</u>	<u>7,695,236</u>
<u>\$ 19,177,989</u>	<u>\$ 5,785,980</u>

CITY OF LONGVIEW, TEXAS

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Business-type Activities Enterprise Funds		
	Water Utilities	Solid Waste Disposal	Nonmajor Longview Recreation Association
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income (loss)	\$ 5,296,282	\$ (147,379)	\$ (121,896)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	8,117,841	726,556	5,215
Miscellaneous nonoperating revenue	-	1,228	-
Change in assets and liabilities:			
Decrease (increase) in assets:			
Receivables	334,604	(13,271)	-
Inventories	(15,212)	-	-
Increase (decrease) in liabilities:			
Accounts payable	189,360	37,246	6,308
Accrued liabilities	44,487	7,218	1,348
Customer deposits	(32,460)	-	-
Claims payable	-	-	-
Compensated absences	94,226	14,624	1,190
Other post employment benefits	54,250	(794)	-
Total adjustments	8,787,096	772,807	14,061
Net cash provided by operating activities	\$ 14,083,378	\$ 625,428	\$ (107,835)
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES			
Assets acquired by capital lease	\$ -	\$ 2,486,400	\$ -

The accompanying notes are an integral part of these financial statements.

Total	Governmental Activities Internal Service Funds
\$ 5,027,007	\$ (270,570)
8,849,612	1,318,656
1,228	36,005
321,333	(254,900)
(15,212)	(4,075)
232,914	(57,602)
53,053	9,105
(32,460)	-
-	74,424
110,040	12,511
53,456	12,791
9,573,964	1,146,915
\$ 14,600,971	\$ 876,345
\$ 2,486,400	\$ -

CITY OF LONGVIEW
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
SEPTEMBER 30, 2014

	<u>Pension Trust Funds</u>
ASSETS	
Cash and cash equivalents	\$ 1,236,380
Receivables	
Contribution receivable	158,637
Interest and dividends	16,822
Total receivables	<u>175,459</u>
Other assets	600
Investments, at fair value	
Equity securities	18,387,680
Mutual funds	20,721,627
Alternative investments	3,514,021
Pooled investment funds	2,532,138
Total investments	<u>45,155,466</u>
Equipment, at cost, net of accumulated depreciation	3,084
Total assets	<u>46,570,989</u>
LIABILITIES	
Accrued benefits	343,702
Credit card payable	4,486
Total liabilities	<u>348,188</u>
NET POSITION	
Held in trust for pension benefits	<u><u>\$ 46,222,801</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF LONGVIEW
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

	Pension Trust Funds
ADDITIONS	
Contributions	
Employer	\$ 1,821,882
Members	1,708,047
Total contributions	3,529,929
Investment income	
Interest and dividend income	1,208,765
Net appreciation in fair value of investments	3,388,138
Less investment expense	(286,292)
Total investment income	4,310,611
Other income	11,105
Total additions	7,851,645
DEDUCTIONS	
Benefits paid to members	4,315,902
Refunds of contributions	195,686
Administrative expenses	99,094
Total deductions	4,610,682
Net decrease	3,240,963
Net position available-for-benefits	
Beginning of year	42,981,838
End of year	\$ 46,222,801

The accompanying notes are an integral part of these financial statements.

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**NOTES TO THE
FINANCIAL STATEMENTS**

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The City of Longview, Texas (City) was incorporated under the laws of the State of Texas in 1871 and operates under an elected Mayor-Council form of government. The City provides the following services to the citizens of the City: public safety (police and fire), public works, public health, public welfare, recreation, water and sewer utilities, residential sanitation service, and general administrative services.

The governmental reporting entity consists of the City and its component units. Component units are legally separate organizations for which the City is financially accountable or other organizations whose nature and significant relationship with the City are such that exclusion would cause the City's financial statements to be misleading. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and (i) either the City's ability to impose its will on the organization or (ii) there is potential for the organization to provide a financial benefit to or impose a financial burden on the City.

The basic financial statements include both blended and discretely presented component units. The blended component units, although legally separate entities, are in substance, part of the City's operations and so data from these units are combined with the data of the primary government. The discretely presented component unit, on the other hand, is reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the government.

For financial reporting purposes, the City's basic financial statements include all financial activities that are controlled by, or are dependent upon, actions taken by City Council. All of the component units have a September 30 year end, with the exception of the Longview Firemen's Relief and Retirement Fund which has a December 31 year end.

The financial statements of the individual components units may be obtained by writing to the City of Longview, Finance Department, 300 W. Cotton Street, Longview, Texas 75601.

Discretely presented component unit

The financial statements of the following component unit have been discretely presented in the accompanying report because (i) their governing board is not substantially the same as the governing body of the City, or (ii) the component unit provides services entirely or almost entirely to the citizenry and not the City.

Longview Economic Development Corporation (LEDCO)

LEDCO is a Texas nonprofit corporation organized for the purpose of benefiting and accomplishing public purposes of the City of Longview, Texas, by promoting, assisting and enhancing economic development activities for the City. The Board members are appointed by the City of Longview City Council. LEDCO is funded by a one-quarter of a cent sales tax levied on taxable sales within the City of Longview. This tax was enacted by popular vote on November 11, 1991, and may be repealed by popular vote.

Blended component units

The financial statements of the following component units have been "blended" with those of the City because (i) their governing bodies are substantially the same as the governing body of the City or (ii) the component unit provides services entirely to the City.

City of Longview Firemen's Relief and Retirement Fund

The City's fire department employees participate in the Longview Firemen's Relief and Retirement Fund (LFRRF). LFRRF functions for the benefit of these employees and is governed by a pension board. The City and LFRRF participants are obligated to fund all LFRRF costs based upon actuarial valuations. The City is authorized to approve the actuarial assumptions used in the determination of contribution levels. For financial reporting purposes, LFRRF is reported as if it were part of the city's operations as a fiduciary fund, and therefore is not included in the government wide financial statements. LFRRF's fiscal year-end is December 31. As a result, the financial statements of LFRRF presented herein are for the year ended December 31, 2013.

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Longview Transit Management Inc.

Longview Transit Management, Inc. (Longview Transit) is a legally separate entity that functions entirely for the benefit of the City of Longview. Longview Transit operates the public transit system in and about the City of Longview and is the employer of the transit system employees. The transit system is funded by grants the City obtained through the Texas Department of Transportation as well as the City's required match on those grant funds.

Longview Redevelopment Authority Inc.

The Longview Redevelopment Authority Inc. (the Authority) is a legally separate entity that functions entirely for the benefit of the City of Longview. The Authority is a public nonprofit corporation organized for the purpose of aiding, assisting, and acting on behalf of the City in the performance of its governmental functions to promote the common good and general welfare of the area included in the Longview Reinvestment Zone and neighboring areas. The Authority will promote and develop the Zone, and encourage and maintain housing, educational facilities, employment, commerce and economic development. The Authority is fiscally dependent upon the City of Longview and the governing body is appointed by the City.

Payments Between the City and Component Units

Resource flows (except those that affect the statement of net position/balance sheet only, such as loans and repayments) between a primary government and its discretely presented component units are reported as external transactions – that is, as revenues and expenses. Resource flows between the primary government and the blended component units are classified as interfund transactions within the financial statements.

Payments received from the discretely presented component unit, LEDCO, are primarily subsidized funding for capital construction projects that mutually benefit both entities and their purposes.

Government-wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a functional category or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items are not included among program revenues, but are properly reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds and fiduciary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. General revenues in the government-wide statement consist of taxes and fees. Program revenues consist of charges for service, contributions, and grant revenues. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Cont'd)

Government fund level financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if they are collected within 60 days of the end of the current fiscal period. Grant revenues availability period is generally considered to be one year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the liability has matured and payment is due.

Ad valorem, franchise and sales tax revenues in the General Fund and ad valorem tax revenues recorded in the Debt Service Fund are recognized under the susceptible to accrual concept and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

All proprietary funds and the pension trust fund are accounted for on a flow of economic resources measurement focus. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net position. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

The principal operating revenues of the City's water utilities and solid waste disposal funds are charges to customers for sales and services. Operating expenses for the enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The City reports the following major governmental funds:

The **General Fund** accounts for several of the City's primary services (public safety, public works, public health, public welfare, parks and recreation, etc.) and is the primary operating unit of the City.

The **Debt Service Fund** accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The **Capital Projects Fund** accounts for the acquisition of capital assets or construction of major capital projects.

The City reports the following major enterprise funds:

The **Water Utilities Fund** accounts for the operation of the City's water and sewer utilities. Activities of the fund include administration, operation and maintenance of the water and sewer system and billing and collection activities. The Fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for revenue bonds and obligations under capital leases when due throughout the year. All costs are financed through charges made to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the Fund.

The **Solid Waste Fund** accounts for the operations of the City's sanitation operations. Customers are billed monthly at a rate sufficient to cover the cost of providing such service.

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Cont'd)

Additionally, the City reports the following fund types:

The ***Internal Service Funds*** are used to account for general liability insurance, group health insurance, worker's compensation insurance, fleet management services, vehicle replacement services, cable programming, and to finance the geographic information system. These services are provided to other departments or agencies of the City, generally on a cost reimbursement basis.

The ***Pension Trust Fund*** is used to account for the accumulation of resources to be used for the retirement benefit payments to employees of the City.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Cash, Cash Equivalents and Investments

Texas statutes authorize the City to invest in obligations of the U.S. Treasury, agencies and instrumentalities, fully collateralized certificates of deposit, repurchase agreements, commercial paper, and direct obligations of cities within the State of Texas. The City is also authorized to invest in direct obligations of the State of Texas or its agencies, obligations of states, agencies, counties, and other political subdivisions, money market mutual funds, prime bankers' acceptances, and reverse repurchase agreements.

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The City pools cash from all fund types (excluding certain restricted assets that are considered cash and cash equivalents) to increase the amount of funds available for investment. Interest earnings are allocated to the respective funds based upon each fund's relative balance in the pool. Each fund may liquidate its equity in the pool on demand.

In accordance with GASB Statement No. 31, investments are recorded at fair value.

Restricted Assets

Restricted assets are assets whose use is subject to constraints that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

The balances of the restricted asset accounts at September 30, 2014 are as follows:

	Governmental Activities	Business Activities
Customer deposits	\$ -	\$ 327,958
Capital projects	29,047,211	3,631,163
Debt service/bond reserves	2,469,059	9,614,389
Agency account	61,289	-
Special revenue purposes	5,187,718	-
	\$ 36,765,277	\$ 13,573,510
Total restricted assets	\$ 36,765,277	\$ 13,573,510

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Inventories

Inventories of supplies are maintained at City warehouses and are accounted for by the consumption method. Inventories are capitalized under the consumption method, whereby expenditures are capitalized as inventory until used. They are valued at the lower of moving average cost or market. Unit prices are adjusted as new inventory is added, thus the moving average cost closely represents the cost of goods sold. Reported inventories in governmental funds are equally offset by nonspendable fund balance, which indicates that they do not constitute "available expendable resources" even though they are a component of net current assets.

Capital Assets

Property, plant and equipment purchased or acquired is carried at historical cost or estimated historical cost. Contributed capital assets are recorded at estimated fair market value at the time received. Public domain (infrastructure) capital assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems have been recorded at estimated historical cost. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Net revenue bond interest cost incurred during construction periods is capitalized when material.

Property, plant, and equipment of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	10 - 50
Building Improvements	7 - 20
Equipment	3 - 10
Drainage improvements	10 - 50
System infrastructure	20 - 40

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Organization only has one item that qualifies for reporting in this category. It is the deferred loss on refunding reported in the government-wide statement of net position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Organization has two types of deferred inflows which arise only under a modified accrual basis of accounting. Unavailable revenue is comprised of property taxes, ambulance revenue, and municipal court revenue and is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Advance of grant funds represents grant funds on hand in which the eligibility requirements have been met, however the funds have not yet been expended. These amounts are deferred and recognized as an inflow of resources in the period in which the expenditure is incurred.

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Arbitrage Liability

The City accrues a liability for an amount of rebatable arbitrage resulting from investing low-yielding, tax-exempt bond proceeds in higher-yielding, taxable securities. Such investment activities can result in interest revenue exceeding interest cost. The arbitrage liability is payable to the federal government every five years; however, the City records its arbitrage liability annually based on the calculations by the arbitrage rebate company. The arbitrage liability is recorded as a liability in the government-wide and proprietary fund types, as applicable on the accrual basis and as a reduction of interest income on the invested debt proceeds.

Compensated Absences

Accumulated vacation and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employees resignations and retirements.

Fund Balances

Governmental funds utilize a fund balance presentation for equity. Fund balance is categorized as nonspendable, restricted, committed, assigned, or unassigned.

Nonspendable fund balance – represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaids) or legally required to remain intact.

Restricted fund balance – represents amounts with external constraints placed on the use of these resources (such as debt covenants, grantors, other governments, etc.) or imposed by enabling legislation (such as municipal court fines).

Committed fund balance – represents amounts that can only be used for specific purposes imposed by a formal action of the City's highest level of decision-making authority, the City Council. Committed resources cannot be used for any other purpose unless the City Council removes or changes the specified use by the same action previously used to commit those amounts, an ordinance.

Assigned fund balance – represents amounts the City intends to use for specific purposes as expressed by the City Council or an official delegated the authority to assign amounts. This is the residual classification for all governmental funds other than the general fund. The City Manager, or designee, has been granted the authority by resolution of the City Council to create new assignments of fund balance, but they are not spendable until a budget ordinance is passed by City Council.

Unassigned fund balance – represents the residual classification for the general fund or deficit fund balances in other funds.

When an expenditure is incurred for a purpose for which more than one fund balance classification could be used, the City considers the expenditure to be made from the most restrictive classification first.

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Fund Balances (Cont'd)

A summary of the nature and purpose of fund balances at September 30, 2014 is as follows:

	<u>General Fund</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Non-Major Special Revenue</u>	<u>Total</u>
Fund balances:					
Nonspendable:					
	\$ 181,214	\$ -	\$ -	\$ -	\$ 181,214
Restricted for:					
Capital projects	-	-	28,077,090	-	28,077,090
Debt service	-	2,504,150	-	-	2,504,150
Municipal court facilities	-	-	-	239,371	239,371
Purposes of grantors and donors	-	-	-	1,091,777	1,091,777
911 Emergency operations	-	-	-	908,996	908,996
Tourism/convention facilities	-	-	-	2,469,735	2,469,735
Tax increment district	-	-	-	36,196	36,196
Other public safety	-	-	-	522,226	522,226
Other purposes	61,289	-	-	-	61,289
Total restricted	<u>61,289</u>	<u>2,504,150</u>	<u>28,077,090</u>	<u>5,268,301</u>	<u>35,910,830</u>
Committed to:					
Drainage improvements	-	-	1,572,720	2,282,580	3,855,300
Assigned to:					
Encumbrances	210,744	-	-	-	210,744
Street Projects	1,000,000	-	-	-	1,000,000
Animal Shelter	3,000,000	-	-	-	3,000,000
Other post-employment benefits	1,500,000	-	-	-	1,500,000
Firemen's pension obligation	1,342,386	-	-	-	1,342,386
Total assigned	<u>7,053,130</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,053,130</u>
Unassigned	13,544,591	-	-	(108,269)	13,436,322
Total fund balances	<u>\$ 20,840,224</u>	<u>\$ 2,504,150</u>	<u>\$29,649,810</u>	<u>\$ 7,442,612</u>	<u>\$60,436,796</u>

The fund balance policy, as adopted by City Council, states that unassigned fund balance shall be maintained at a level of 10% of estimated annual operating expenses for the General Fund and at 15% of estimated annual operating expenses in Proprietary Funds.

Net position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of net capital assets reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislations adopted by the city or through external restrictions imposed by creditors, grantors or laws and regulations of other governments.

Interfund Transactions

During the course of operations, numerous transactions occur between individual funds for goods provided and services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the fund-level statements when they are expected to be liquidated within one year. If receivables and payables are expected to be liquidated after one year, they are classified as "advances to other funds" or "advances from other funds."

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Interfund Transactions (Cont'd)

In the government-wide statement of activities, the effect of interfund activity has generally been removed from the statements. Exceptions include the chargeback of services for which the elimination would distort the direct costs and program revenues of the various functions reported.

Internal service fund activity is eliminated in order to remove duplicate activity in making the transition from the fund financial statements to the government-wide financial statements. The elimination of the internal service fund activity requires the City to “look back” and adjust the internal service funds’ internal charges. A positive change in net position derived from internal service fund activity results in a pro rata reduction in the charges made to the participatory funds. A deficit change in net position of internal service funds requires a pro rata increase in the amounts charged to the participatory funds.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

New Accounting Pronouncements

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This statement will improve financial reporting by reclassifying certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources, or as outflows or inflows of resources. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2012. The City has implemented GASB No. 65 in this annual report.

In March 2012, the GASB issued Statement No. 66, *Technical Corrections – 2012*. This statement will improve financial reporting by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2012. The City has implemented GASB No. 66 in this annual report.

In June 2012, the GASB issued Statement No. 67, *Financial Reporting for Pension Plans*. This statement will improve financial reporting of public employee pensions by state and local governments. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2013. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*. This statement will improve financial reporting of public employee pensions by state and local governments. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2014. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. This statement will eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement 68 in the accrual-basis financial statements of employers and nonemployer contributing entities. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2014. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of certain differences between the governmental fund balance sheet and the government-wide statements of net position

The governmental fund balance sheet includes a reconciliation between fund balance-total governmental funds and net position-governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains the “long-term liabilities, including bonds payable and compensated absences, are not due and payable in the current period and therefore are not reported in the funds”.

The details of this \$(93,447,326) difference are as follows:

Bonds payable and related charges	\$ (77,436,805)
Capital leases payable	(3,523,380)
Accrued interest payable	(997,909)
Compensated absences	(4,710,143)
Net pension obligation - Pension Trust Fund	(2,797,473)
Other post employment benefits	<u>(3,981,616)</u>
 Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	 <u>\$ (93,447,326)</u>

Explanation of certain differences between the government fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances- total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains, governmental funds report capital outlays as expenditures. If further states that in the statement of activities these capital outlays, as well as contributed assets, are recorded as capital assets in which their acquisitions costs (or fair value if donated) are allocated over their estimated useful lives as depreciation expense. The details of the \$6,578,782 difference are as follows:

Capital outlay	\$ 15,613,833
Donated assets and transferred assets	93,320
Depreciation expense	<u>(9,128,871)</u>
 Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	 <u>\$ 6,578,282</u>

Another element of that reconciliation states “The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.”

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Cont'd)

The details of this \$(18,860,423) difference are as follows:

Debt issued or incurred:	
General obligation debt	\$ (23,756,984)
Refunding bonds issued	(5,978,639)
Deferred loss on refunding	224,900
Principal repayments:	
General obligation debt	4,560,000
Payment to refunded bond escrow agent	5,685,000
Capital lease financing	374,319
Amortization of bond related costs:	
Net premium/discount	116,512
Deferred loss on refunding	<u>(85,531)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (18,860,423)</u>

Another element of that reconciliation states, "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds."

The details of this \$(887,291) difference are as follows:

Compensated absences	\$ 9,980
Other post employment benefits	(207,847)
Accrued interest	(161,782)
Increase in net pension obligation	<u>(819,195)</u>
Net adjustment to decrease fund balance - total governmental funds to arrive at net assets - governmental activities	<u>\$ (1,178,844)</u>

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

The City Council adopts an annual operating budget, which can be amended by the Council throughout the year. Legal budgets are adopted for each of the City's funds except for the Housing Assistance Fund. The level of budgetary control (the level at which expenditures may not exceed budget) is the fund level. The Director of Finance and/or the City Manager are authorized to approve a transfer of budgeted amounts within departments; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. Unencumbered appropriations for annual budgets lapse at fiscal year-end.

Encumbrances outstanding at year-end are reported as assigned fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

The City prepares its annual operating budget based on the cash and available resources method (budget basis) which differs from generally accepted accounting principles (GAAP basis). In order to provide a meaningful comparison of actual results to the budget, the Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual-Budget Basis for the General Fund presents the actual and actual-budget basis amounts in comparison with the original and final budgets.

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Cont'd)

Deficit fund equity

The Transit fund had a deficit fund balance of \$108,269 as of September 30, 2014. The City plans to cover the deficit fund equity of the Transit Fund through transfers from the General Fund until the Transit Fund receives their reimbursement from the Federal and State governments.

IV. DETAILED NOTES ON ALL FUNDS

NOTE 1: DEPOSITS AND INVESTMENTS

Cash and investments as of September 30, 2014 consist of and are classified in the accompanying financial statements as follows:

Statement of net position:

Primary Government	
Cash and cash equivalents	\$ 21,541,068
Restricted cash and cash equivalents	30,275,928
Investments	25,874,831
Restricted investments	20,062,859
	97,754,686
Component Units *	
Cash and cash equivalents	13,837,962
Investments	45,155,466
Total cash and investments	\$ 156,748,114
Cash on hand	\$ 9,541
Savings and checking accounts	47,200,374
Cash and cash equivalents held in investment accounts	18,445,043
Investments	91,093,156
	91,093,156
Total cash and investments	\$ 156,748,114

* Component units include the discretely presented component unit, LEDCO, and the blended component unit, Longview Firemen's Relief and Retirement Fund (reported as a Fiduciary Fund). Longview Transit Management Inc. and the Longview Redevelopment Authority, Inc. have no cash or investments to report as of September 30, 2014.

External Investment Pools

The City invests in a 2a-7-like pool known as the Texas Local Government Investment Pool (TexPool). Investments in these pools are valued based upon the value of pool shares. TexPool seeks to maintain a \$1 value per share as required by the Texas Public Funds Investment Act. TexPool was created under the Interlocal Corporation Act, Texas Government Code Ann. Ch. 791 and the Texas Government Code Ann. Ch. 2256. The Texas Treasure Safekeeping Trust Company is Trustee of TexPool and is a limited purpose trust company authorized pursuant to Texas Government Code Ann. Section 404.103 for which the Texas State Comptroller is the sole officer, director and shareholder. The advisory board of TexPool is composed of members appointed pursuant to the requirements of the Public Funds Investment Act, Texas Government Code Ann. Ch. 2256 of Public Accounts for review.

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 1: DEPOSITS AND INVESTMENTS (Cont'd)

The City invests in the Texas Cooperative Liquid Assets Securities System Trust (Texas CLASS), which was created as an investment pool for its participants in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. Texas CLASS is directed by an advisory board composed of both participants in Texas CLASS and other persons who have no business relationship with Texas CLASS. Texas CLASS operates in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. Texas CLASS uses amortized cost rather than market value to report net position to compute share prices. Accordingly, the fair value of the position in Texas CLASS is the same as the value of Texas CLASS shares.

Interest Rate Risk

In accordance with its investment policy, the City, specifically the primary government, manages its exposure to declines in fair market values by limiting weighted average maturity of portfolio to a period of up to two years, and maturities to a period of up to five years. As of September 30, 2014, all of the primary government's investments were invested for a period less than five years, and the weighted average maturity was less than two years.

Investment Type	Fair Value	Weighted Average Maturity (Years)
Primary government		
Certificate of Deposits	\$ 44,727,290	1.05
Money Markets	1,210,400	
Total primary government	45,937,690	
Component units		
Equity securities	18,387,680	
Mutual funds	20,721,627	
Alternative investments	3,514,021	
Pooled investment funds	2,532,138	
Total component units	45,155,466	
Total Reporting Entity	\$ 91,093,156	
Portfolio weighted average maturity (years)		1.05

Custodial Credit Risk

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require that deposits in financial institutions be fully collateralized by U.S. Government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a fair value of not less than the principal amount of deposits. As of September 30, 2014, the City and its component units' deposits were covered by Federal Depository Insurance or by collateral held by a third party custodian.

Credit Risk

It is the City's policy to limit its investments to investment types with an investment quality rating not less than A or its equivalent by a nationally recognized statistical rating organization. The City's investments as of September 30, 2014, were rated as follows:

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 1: DEPOSITS AND INVESTMENTS (Cont'd)

Credit Risk (Cont'd)

<u>Investment Type</u>	<u>Rating</u>	<u>Rating Agency</u>
Cutwater Texas Class	AAA m	Standard & Poor's
TexPool	AAA m	Standard & Poor's
Corporate Bonds	A	Standard & Poor's
Government securities	AAA	Standard & Poor's

Under provisions of state and local statutes, the City's investment policies and provisions of the City's depository contracts with an area financial institution, the City is authorized to place available deposits and investments in the following:

1. Obligations of the U.S., its agencies and instrumentalities;
2. Certificates of Deposit issued by state and national banks or savings or loan associations domiciled in this state that are guaranteed or insured by the Federal Deposit Insurance Corporation or collateralized in accordance with Section 2256.010, the Texas Government Code, in face amount not to exceed \$250,000;
3. No-load money market mutual funds; and
4. TexPool, Lone Star Investment Pool and Texas CLASS

The City Council has adopted a written investment policy regarding the investments of its funds as defined by the Public Investment Act of 1995 (Chapter 2256, Texas Government Code). In addition, the component units have adopted written investment policies as well. Additional disclosures related to the investment policies of the component units are disclosed in their separately issued financial reports.

The investments of the City are in compliance with the Council's investment policies. The City did not have any derivative investment products during the current year. All significant legal and contractual provisions for investments were complied with during the year. Investments at year-end are representative of the types of investments maintained by the City during the year.

NOTE 2: PROPERTY TAXES

Property taxes are levied on October 1 on assessed (appraised) value listed as of the prior January 1 for all real and business personal property located within the City and are due and payable at that time. Taxable assessed value represents the appraisal value less applicable exemptions authorized by the City Council. All unpaid taxes attach as a lien on property as of January 1 and become enforceable February 1. Penalty and interest is charged at 7 percent on delinquent taxes beginning February 1 and increase each month to 18 percent on July 1. Current tax collections for the year ended September 30, 2014, were 98.82% of the tax levy.

Appraised values are established by the Gregg County District at 100 percent of estimated market value and certified by the Appraisal Review Board. The assessed value less exemptions for the tax roll of January 1, 2014 upon which the original 2014 levy was based, was \$5,499,077,776.

City property tax revenues are recorded as receivables and deferred revenues at the time the tax levy is billed. Current year revenues recognized are those collected within the current period, or soon enough thereafter to pay current liabilities, generally within sixty days after year-end. An allowance is provided for delinquent personal property taxes not expected to be collected in the future.

For the fiscal year ended September 30, 2014, the City had tax a rate of \$0.5009 per \$100 valuation with a tax margin of \$1.9991 per \$100 valuation based upon a maximum ad valorem tax of \$2.50 per \$100 valuation permitted by Article XI, Section 5, of the State of Texas Constitution.

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 2: PROPERTY TAXES (Cont'd)

In Texas, countywide central appraisal districts are required to assess all property within the appraisal district on the basis of 100 percent of its appraised value and are prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every three years. The City may challenge appraised values established by the appraisal district through various appeals, and, if necessary, legal action. Under this system, the City sets tax on City property. However, if the effective tax rate, excluding tax rates for bonds and other contractual obligations, adjusted for new improvements, exceeds the rate for the previous year by more than 8 percent, qualified voters of the City may petition for an election to determine whether to limit the tax rate to no more than 8 percent above the tax rate of previous years.

NOTE 3: RECEIVABLES

Receivables at September 30, 2014 for the government's individual major funds and non-major and internal service funds in the aggregate, including the applicable allowance for uncollectible accounts, consist of the following:

	General	Debt Service	Nonmajor Governmental Funds	Water Utilities	Solid Waste Disposal	Internal Service	Total
Receivables:							
Taxes	\$ 561,515	\$ 604,618	\$ -	\$ -	\$ -	\$ -	\$ 1,166,133
Sales taxes	3,708,731	-	927,183	-	30,389	-	4,666,303
Hotel taxes	-	-	217,074	-	-	-	217,074
Franchise fees	1,342,972	-	-	-	-	-	1,342,972
Trade accounts	-	-	-	2,760,554	407,009	-	3,167,563
Unbilled trade accts	-	-	-	1,753,371	271,312	-	2,024,683
Municipal court	926,031	-	-	-	-	-	926,031
Ambulance	1,804,402	-	-	-	-	-	1,804,402
Other	41,407	-	198,199	1,455	6,441	302,188	549,690
Gross receivables	8,385,058	604,618	1,342,456	4,515,380	715,151	302,188	15,864,851
Less: Allowance for uncollectibles	1,580,882	30,230	-	597,802	136,178	-	2,345,092
Receivables, net	\$ 6,804,176	\$ 574,388	\$ 1,342,456	\$ 3,917,578	\$ 578,973	\$ 302,188	\$ 13,519,759

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 4: CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2014, was as follows:

	Balance at Beginning of Year	Transfers And Additions	Transfers And Retirements	Balance at End of Year
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 5,888,786	\$ 1,262,123	\$ 2,576,349	\$ 4,574,560
Construction in progress	14,397,493	14,145,141	9,535,504	19,007,130
Total capital assets, not being depreciated:	<u>20,286,279</u>	<u>15,407,264</u>	<u>12,111,853</u>	<u>23,581,690</u>
Capital assets, being depreciated:				
Buildings and improvements	82,947,619	1,876,471	5,703	84,818,387
Infrastructure	119,893,214	4,221,777	-	124,114,991
Equipment	44,922,770	3,654,817	861,870	47,715,717
Total capital assets being depreciated	<u>247,763,603</u>	<u>9,753,065</u>	<u>867,573</u>	<u>256,649,095</u>
Less accumulated depreciation for:				
Buildings and improvements	36,634,206	4,184,053	5,703	40,812,556
Infrastructure	93,030,869	3,173,160	-	96,204,029
Equipment	29,976,497	3,090,313	711,258	32,355,552
Total accumulated depreciation	<u>159,641,572</u>	<u>10,447,526</u>	<u>716,961</u>	<u>169,372,137</u>
Total capital assets, being depreciated, net	<u>88,122,031</u>	<u>(694,461)</u>	<u>150,612</u>	<u>87,276,958</u>
Governmental activities capital assets, net	<u>\$ 108,408,310</u>	<u>\$ 14,712,803</u>	<u>\$ 12,262,465</u>	<u>\$ 110,858,648</u>

- (1) Additions to land, in the amount of \$75,790, include land that was donated to the City of Longview for the construction of an animal shelter. The donation is included within miscellaneous revenue on the Statement of Activities.
- (2) Transfers and retirements of land and construction in progress include the transferrance of a roadway to the Texas Department of Transportation upon completion of specified phases of the project. \$2,576,349 of land and \$1,376,136 of related construction costs were transferred and are included in special items on the Statement of Activities.

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 4: CAPITAL ASSETS (Cont'd)

	Balance at Beginning of Year	Transfers And Additions	Transfers And Retirements	Balance at End of Year
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 755,576	\$ -	\$ -	\$ 755,576
Construction in progress	3,124,769	4,127,618	3,536,026	3,716,361
Total capital assets, not being depreciated:	<u>3,880,345</u>	<u>4,127,618</u>	<u>3,536,026</u>	<u>4,471,937</u>
Capital assets, being depreciated:				
Buildings	21,592,860	-	-	21,592,860
Water and sewer systems	190,385,100	3,557,305	95,187	193,847,218
Machinery and equipment	32,869,006	5,422,782	190,557	38,101,231
Total capital assets being depreciated:	<u>244,846,966</u>	<u>8,980,087</u>	<u>285,744</u>	<u>253,541,309</u>
Less accumulated depreciation for:				
Buildings	18,248,621	168,908	-	18,417,529
Water and Sewer Systems	99,095,970	7,062,005	-	106,157,975
Machinery and equipment	23,837,880	1,618,699	261,056	25,195,523
Total accumulated depreciation	<u>141,182,471</u>	<u>8,849,612</u>	<u>261,056</u>	<u>149,771,027</u>
Total capital assets, being depreciated, net	<u>103,664,495</u>	<u>130,475</u>	<u>24,688</u>	<u>103,770,282</u>
Water Utilities capital assets, net	<u>\$ 107,544,840</u>	<u>\$ 4,258,093</u>	<u>\$ 3,560,714</u>	<u>\$ 108,242,219</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 360,766
Public safety	1,945,332
Public works	3,294,034
Development	39,367
Public welfare	182,031
Culture and recreation	2,977,634
Public transit	329,706
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>1,318,656</u>
Total depreciation expense - governmental activities	<u>\$ 10,447,526</u>
Business-type activities:	
Water utilities	\$ 8,117,841
Solid waste disposal	726,556
Nonmajor funds - Longview recreation fund	<u>5,215</u>
Total depreciation expense - business-type activities	<u>\$ 8,849,612</u>

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 4: CAPITAL ASSETS (Cont'd)

	Balance at Beginning of Year	Transfers And Additions	Transfers And Retirements	Balance at End of Year
Longview Economic Development Corporation:				
Capital assets, not being depreciated:				
Land	\$ 5,355,862	\$ -	\$ 90,316	\$ 5,265,546
Construction in progress	1,441,829	23,277		1,465,106
Total capital assets, not being depreciated:	<u>6,797,691</u>	<u>23,277</u>	<u>90,316</u>	<u>6,730,652</u>
Capital assets, being depreciated:				
Buildings and Improvements	16,171,367	-	399,895	15,827,466
Equipment	158,610	55,994	-	158,610
Infrastructure	-	-	-	-
Total capital assets, being depreciated:	<u>16,329,977</u>	<u>55,994</u>	<u>399,895</u>	<u>15,986,076</u>
Less accumulated depreciation:				
Buildings and Improvements	6,971,374	712,648	291,525	7,392,497
Equipment	118,766	11,412	-	130,178
Infrastructure	-	-	-	-
Total accumulated depreciation	<u>7,090,140</u>	<u>724,060</u>	<u>291,525</u>	<u>7,522,675</u>
Total capital assets, being depreciated, net	<u>9,239,837</u>	<u>(668,066)</u>	<u>108,370</u>	<u>8,463,401</u>
Capital assets, net	<u><u>16,037,528</u></u>	<u><u>(644,789)</u></u>	<u><u>198,686</u></u>	<u><u>15,194,053</u></u>

NOTE 5: PENSION AND EMPLOYEE BENEFIT PLANS

Texas Municipal Retirement System

Plan Description

The City provides benefits for all of its eligible employees (with the exception of firefighters) through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the city are within the options available in the governing state statutes of TMRS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained from TMRS' website at www.TMRS.com.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

	Plan Year 2013	Plan Year 2014
	7%	7%
Employee deposit rate	2 to 1	2 to 1
Matching ratio (city to employee)	5%	5%
Years required for vesting	60/5, 0/20	60/5, 0/20
Service	100% Repeating,	100% Repeating,
Updated Service Credit	0% of CPI	0% of CPI
Annuity Increase (to retirees)		

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 5: PENSION AND EMPLOYEE BENEFIT PLANS (Cont'd)

Contributions

Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) cost method (EAN was first used in the December 31, 2013 valuation; previously the Projected Unit Credit actuarial cost method had been used). This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate for an employee is the contribution rate which, if applied to a member's compensation throughout their period of anticipated covered service with the municipality, would be sufficient to meet all benefits payable on their behalf. The salary-weighted average of the individual rates is the total normal cost rate. The prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect.

Annual Pension Cost

For the calendar year ended December 31, 2013 (reported in fiscal year 9/30/2014), the City's annual pension cost of \$3,114,030 for TMRS was equal to the City's required and actual contributions.

Fiscal year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
9/30/2012	\$ 3,053,024	100%	\$ -
9/30/2013	3,064,150	100%	-
9/30/2014	3,114,030	100%	-

The required contribution rates for fiscal year 2014 were determined as part of the December 31, 2011 and 2012 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2013, also follows:

Valuation Date	12/31/2011	12/31/2012	12/31/2013
Actuarial Cost Method	Projected unit credit	Projected unit credit	Entry Age Normal
Amortization Method	Level Percent of payroll	Level Percent of payroll	Level Percent of payroll
Remaining Amortization Period	22.6 years; closed period	20.9 years; closed period	21.5 years; closed period
Amortization Period for new Gains/Losses	30 years	30 years	30 years
Asset Valuation Method	10-Year Smoothed Market	10-Year Smoothed Market	10-Year Smoothed Market
Actuarial Assumptions:			
Investment Rate of Return*	7.00%	7.00%	7.00%
Projected Salary Increases*	Varies by age and service	Varies by age and service	Varies by age and service
* Includes inflation at Cost-of-Living Adjustments	3.00%	3.00%	3.00%
	0.0%	0.0%	0.0%

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 5: PENSION AND EMPLOYEE BENEFIT PLANS (Cont'd)

Funded Status

The funded status as of December 31, 2013, is presented as follows:

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2)-(1)	(5) Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (4) / (5)
12/31/2013	\$131,159,207	\$ 146,005,790	89.8%	\$ 14,846,583	\$ 28,463,407	52.2%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other postemployment benefit," or OPEB.

Longview Firemen's Relief and Retirement Plan

The Board of Trustees of the Longview Firemen's Relief and Retirement fund (LFRRF) is the administrator of a single-employer defined benefit plan providing retirement, death, disability, and withdrawal benefits to plan members and their beneficiaries. The plan covers the employees of the fire department of the City of Longview, Texas. Currently, 292 members are covered under the Plan which is comprised of 115 retirees and beneficiaries receiving benefits, 4 disabled members receiving benefits, and 173 current employees. The plan's assets may be used only for the payment of benefits to members of the plan in accordance with the terms of the plan. Article 6243(e) of the Vernon's Texas Civil Statutes assigns the authority to establish and amend benefit provisions to the LFRRF Board of Trustees.

The Longview Firemen's Relief and Retirement Plan is considered part of the City's financial reporting entity and is included in the City's financial reports as a Pension Trust Fund. LFRRF's fiscal year end is December 31. As a result, the plan information of the LFRRF presented herein is for the year ended December 31, 2013. The plan issues its own audited financial statements, which can be obtained by writing or calling the City of Longview Finance Department.

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 5: PENSION AND EMPLOYEE BENEFIT PLANS (Cont'd)

Longview Firemen's Relief and Retirement Plan (Cont'd)

Summary of Significant Accounting Policies

Basis of Accounting – The LFRRF financial statements are prepared using the accrual basis of accounting. Employer and employee contributions are recognized in the period that the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. All other expenses are recognized when incurred.

Method Used to Value Assets – Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded in a national exchange are valued at the last reported sales price at current exchange rates. Debt securities not traded on national or international exchanges are reported at estimated fair value based on equivalent values of comparable securities with similar yield and risk. Investments in open-ended mutual funds are based on the funds' current share price. Gains and losses on sales and exchanges of investments are included in the net appreciation (depreciation) in fair value of investments.

The administrative costs are financed by the Plan through the use of investment earnings.

Contributions

Contribution rates are established and may be amended by the LFRRF's Board of Trustees in accordance with the terms of Section 7 of Article 6243(e), of Vernon's Texas Civil Statutes. Contributions are required from both the City and active fire department employees. Contributions are calculated as a percentage of each annual covered payroll as defined by the plan.

The required contribution percentages for the 2013 plan year were as follows:

City contribution percentage	16%
Active plan members contribution percentage	15%

The City's annual pension cost and net pension obligation to LFRRF for the current plan year were as follows:

Annual required contribution (ARC)	\$ 2,291,613
Interest on net pension obligation	181,532
Adjustment to the ARC	<u>(138,449)</u>
Annual pension cost (APC)	2,334,696
Employer contribution	<u>(1,806,370)</u>
Increase in net pension obligation	528,326
Net pension obligation, beginning of year	<u>2,269,147</u>
Net pension obligation, end of year	<u><u>\$ 2,797,473</u></u>

Three-Year Trend Information for LFRRF

<u>Fiscal year</u>	<u>Annual Pension</u>	<u>Percentage of APC</u>	<u>Net Pension</u>
Ending	Cost (APC)	Contributed	Obligation
12/31/2011	\$ 2,293,526	68.7%	\$ 1,342,386
12/31/2012	2,502,288	63.0%	2,269,147
12/31/2013	2,334,696	77.4%	2,797,473

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 5: PENSION AND EMPLOYEE BENEFIT PLANS (Cont'd)

Longview Firemen's Relief and Retirement Plan (Cont'd)

Additional information as of the latest actuarial valuation, December 31, 2013, is as follows:

Economic assumptions	Investment return	8.0%
	Projected salary increases	3.0%
	Amortization increase	3.0%
	Inflation rate	3.0%
Actuarial cost method	Entry age normal	
Amortization method	Level percentage of pay, open	
Remaining amortization period	63.3	
Asset valuation method	Fair market value of the fund	

Funded Status

The funded status as of December 31, 2014, the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2)-(1)	(5) Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (4) / (5)
12/31/2014	\$ 46,326,150	\$ 82,401,773	56.2%	\$ 36,075,623	\$ 10,959,322	329.2%

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

IRC 457 Deferred Compensation Plans

The City offers its executive employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457, which is administered by Nationwide Retirement Solutions, Inc. Due to the fact that the City does not administer this plan, the plan is not included in the City's financial statements.

Other Post-Employment Benefits

Pursuant to City Ordinance, the City provides postretirement health care benefits to eligible employees who retire from the City with at least 20 years of service with the City of Longview. Currently, 162 retirees meet those eligibility requirements. Premiums are paid by the City of Longview and claims are processed by the City's third-party administrator and paid through the Health Claims Fund. Over age 65 retirees receive coverage through a fully insured Medicare Supplement and an Enhanced Medicare Part D Plan. Under the Enhanced Medicare Part D Plan the Retirees Prescription Drugs are reimbursed under the City's Plan through Medicare Part D.

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 5: PENSION AND EMPLOYEE BENEFIT PLANS (Cont'd)

Other Post-Employment Benefits (Cont'd)

Expenses for postretirement health care benefits are recognized on a pay-as-you-go basis. The cost of retiree health care incurred by the City amounted to \$1,297,475 for the year ended September 30, 2014.

The annual OPEB cost associated with the City's retiree health care costs for the current year is as follows:

	OPEB
Annual required contribution	\$ 1,710,827
Interest on net OPEB obligation	207,528
Adjustments to annual required contribution	(346,786)
Annual OPEB cost	1,571,569
Employer contribution	(1,297,475)
Increase in net OPEB obligation	274,094
Net OPEB obligation, beginning of year	4,611,727
Net OPEB obligation, end of year	\$ 4,885,821

Three-Year Trend Information for OPEB

Fiscal Year Ended September 30	Annual OPEB Cost	Employer Amount Contributed	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	1,810,383	977,705	54%	4,276,661
2013	1,792,927	1,457,861	81%	4,611,727
2014	1,571,569	1,297,475	83%	4,885,821

Funded Status

The funded status as of September 30, 2014, the most recent actuarial valuation date, is as follows:

Year Ended September 30	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2)-(1)	(5) Covered Payroll	(5) UAAL as a Percentage of Covered Payroll (4) / (5)
2014	\$ -	\$ 20,217,880	0.0%	\$ 20,217,880	\$ 36,361,030	55.6%

Actuarial Methods and Assumptions

The Projected Unit Credit actuarial cost method is used to calculate the GASB ARC for the City's retiree health care plan. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The projected unit credit method then provides for a systematic recognition of the cost of these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability.

Projections of health benefits are based on the plan as understood by the city and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and its employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets. Significant methods and assumptions are as follows:

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 5: PENSION AND EMPLOYEE BENEFIT PLANS (Cont'd)

Other Post-Employment Benefits (Cont'd)

Inflation rate	3% per annum
Investment rate of return	4.5%, net of expenses
Actuarial cost method	Projected unit credit cost method
Amortization method	Level dollar
Amortization period	23 year, open
Salary growth	3% per annum
Healthcare cost trend rate	Initial rate of 8.5% declining to an ultimate rate of 4.5% after 8 years

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status and the annual required contributions of the City's retiree health care plan are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

NOTE 6: LEASE OBLIGATIONS

Governmental Activities

The City has entered into lease agreements, as lessee, for financing the acquisition of fire trucks and Motorola radio equipment. These leases qualify as capital leases for accounting purposes and, therefore have been recorded as such in the government-wide financial statements. The equipment acquired through capital lease, \$4,629,987 net of accumulated depreciation, is included within Note 4.

Future minimum lease payments are as follows:

Fiscal Year Ending September 30,	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 301,045	\$ 131,719	\$ 432,764
2016	312,172	120,593	432,765
2017	323,710	109,055	432,765
2018	335,674	97,091	432,765
2019	335,761	97,004	432,765
2020-2024	1,955,475	208,346	2,163,821
2024-2029	-	-	-
	<u>\$ 3,563,837</u>	<u>\$ 763,808</u>	<u>\$ 4,327,645</u>

Business Type Activities

The City has entered into lease agreements, as lessee, for financing the acquisition of sanitation trucks and Motorola radio equipment. These leases qualify as capital leases for accounting purposes and, therefore have been recorded as such in the government-wide financial statements. The equipment acquired through capital lease, \$5,336,158 net of accumulated depreciation, is included within Note 4.

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 6: LEASE OBLIGATIONS (Cont'd)

Business Type Activities (Cont'd)

Future minimum lease payments are as follows:

Fiscal Year Ending September 30,	Business-type Activities		
	Principal	Interest	Total
2015	\$ 541,645	\$ 60,787	\$ 602,432
2016	550,658	51,772	602,430
2017	559,849	42,581	602,430
2018	569,221	33,209	602,430
2019	578,779	23,652	602,431
2020-2024	376,183	42,720	418,903
2025-2029	-	-	-
Total	\$ 3,176,335	\$ 254,721	\$ 3,431,056

NOTE 7: LONG-TERM DEBT

Governmental activities:

A summary of long-term debt transactions, including current portion, for the year ended September 30, 2014 are as follows:

	Balance September 30, 2013	Additions	Retirements	Balance September 30, 2014	Amounts Due Within One Year
<u>Governmental activities</u>					
General obligation and certificates of obligation	\$ 58,255,000	\$ 29,145,000	\$ (10,245,000)	\$ 77,155,000	\$ 4,715,000
Less: bond premiums	176,483 *	590,622	(116,512)	650,593	116,513
Total bonds payable	58,431,483	29,735,622	(10,361,512)	77,805,593	4,831,513
Capital lease obligation	3,940,178	-	(376,341)	3,563,837	301,045
Accrued compensated absences	4,825,362	2,843,528	(2,840,997)	4,827,893	724,184
Claims payable	841,788	8,680,628	(8,650,865)	871,551	871,551
Net pension obligation - Pension Trust Fund	1,978,278	819,195	-	2,797,473	-
Other post-employment benefits obligation	3,876,985	272,223	(51,585)	4,097,623	-
Total governmental activities	\$ 73,894,074	\$ 42,351,196	\$ (22,281,300)	\$ 93,963,970	\$ 6,728,293

* Includes a restatement of \$245,060 for the implementation of GASB 65, which requires deferred losses on refunding be classified as a deferred outflow of resources

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 7: LONG-TERM DEBT Cont'd)

Governmental activities (Cont'd)

The General Fund generally liquidates about 93% of the compensated absences payable. The remaining 7% is liquidated by other governmental and internal service funds. The claims liability is reported in the General Liability, Group Health, and Workers' Compensation Funds and will be liquidated by those funds respectively. The net pension obligation will be liquidated by the Pension Trust Fund. Other post-employment benefits obligation is liquidated primarily by the General Fund, but other governmental funds liquidate a pro rata portion of the liability based on the retirees in each cost center.

The principal and interest requirements at September 30, 2014 of the general obligation debt for the next five years and thereafter are as follows:

Governmental Activities			
Fiscal Year Ending September 30,	Principal	Interest	Total
2015	\$ 4,715,000	\$ 2,659,584	\$ 7,374,584
2016	4,855,000	2,503,995	7,358,995
2017	4,770,000	2,345,926	7,115,926
2018	4,915,000	2,194,488	7,109,488
2019	4,900,000	2,049,442	6,949,442
2020-2024	23,960,000	7,537,893	31,497,893
2024-2029	19,040,000	3,712,049	22,752,049
2030-2034	10,000,000	862,805	10,862,805
Total	77,155,000	23,866,182	101,021,182

Long-term debt at September 30, 2014, includes the following individual issues (not including unamortized discounts, and unamortized deferred losses of \$650,593):

General Long-Term Debt:	Interest Rates	Original Issue	Net Retirement	Outstanding September 30, 2014
General Obligation Bonds:				
Issue of 2004/Maturing 2015	2.00-3.75	\$ 11,810,000	\$ 940,000	\$ 1,405,000
Issue of 2005/Maturing 2018	3.30-4.625	13,500,000	6,735,000	1,190,000
Issue of 2005A/ Maturing 2016	3.00-5.00	13,680,000	1,420,000	1,015,000
Issue of 2007/maturing 2022	4.00-5.00	14,790,000	670,000	12,250,000
Issue of 2009/maturing 2025	3.50-4.15	11,250,000	100,000	11,150,000
Issue of 2011/maturing 2030	2.7	22,400,000	380,000	21,000,000
Issue of 2013/maturing 2033	0.360-4.100	23,170,000	-	23,170,000
Issue of 2014/maturing 2019	1.4	5,975,000	-	5,975,000
Total general obligation		\$ 116,575,000	\$ 10,245,000	\$ 77,155,000

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 7: LONG-TERM DEBT (Cont'd)

Business Type Activities:

A summary of long-term debt transactions, including current portion, for the year ended September 30, 2014 are as follows:

	Balance September 30, 2013	Additions	Retirements	Balance September 30, 2014	Amounts Due Within One Year
<u>Business-type activities</u>					
Waterworks and Sewer System - Revenue bonds	\$ 70,870,000	\$ -	\$ (6,090,000)	\$ 64,780,000	\$ 6,225,000
Waterworks and Sewer System - Revenue bonds - state revolving	-	-	-	-	-
Less: bond premiums	<u>664,553</u> *	<u>-</u>	<u>(263,153)</u>	<u>401,400</u>	<u>263,148</u>
Total bonds payable	<u>71,534,553</u>	<u>-</u>	<u>(6,353,153)</u>	<u>65,181,400</u>	<u>6,488,148</u>
Capital lease obligation	1,651,014	2,486,400	(961,079)	3,176,335	541,645
Accrued Compensated Absences	831,348	616,478	(506,438)	941,388	141,209
Other post-employment benefits obligation	<u>734,741</u>	<u>61,208</u>	<u>(7,752)</u>	<u>788,197</u>	<u>-</u>
Total business-type activities	<u>\$ 74,751,656</u>	<u>\$ 3,164,086</u>	<u>\$ (7,828,422)</u>	<u>\$ 70,087,320</u>	<u>\$ 7,171,002</u>

* Includes a restatement of \$(690,302) for the implementation of GASB 65, which requires deferred losses on refunding be classified as a deferred outflow of resources

The principal and interest requirements at September 30, 2014 of the revenue bond debt for the next five years and thereafter are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2015	\$ 6,225,000	\$ 2,636,094	\$ 8,861,094
2016	5,685,000	2,424,738	8,109,738
2017	4,525,000	2,229,350	6,754,350
2018	3,705,000	2,065,500	5,770,500
2019	3,835,000	1,914,888	5,749,888
2020-2024	21,265,000	7,016,650	28,281,650
2025-2029	19,540,000	4,118,531	23,658,531
	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 64,780,000</u>	<u>\$ 22,405,751</u>	<u>\$ 87,185,751</u>

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 7: LONG-TERM DEBT (Cont'd)

Long-term debt at September 30, 2014, includes the following individual issues (not including unamortized discounts of \$401,400:

Water Utilities Debt:

	Interest Rates	Original Issue	Net Retirement	Outstanding September 30, 2014
Revenue Bonds:				
Issue of 2003 Maturing 2014	2.00-4.00	\$ 11,730,000	\$ 435,000	\$ -
Issue of 2004/ Maturing 2013	2.00-4.00	9,965,000	1,155,000	2,235,000
Issue of 2004A/ Maturing 2014	4.00-4.50	675,000	250,000	-
Issue of 2005/ Maturing 2029	3.00-5.25	36,475,000	1,290,000	30,820,000
Issue of 2007/ Maturing 2028	4.00-4.375	12,540,000	220,000	11,500,000
Issue of 2010/ Maturing 2017	2.50-3.00	4,185,000	685,000	2,075,000
Issue of 2010A/ Maturing 2017	2.00-3.00	10,810,000	1,830,000	4,290,000
Issue of 2011/ Maturing 2028	3.00-4.00	6,000,000	120,000	5,765,000
Issue of 2012/ Maturing 2024	2.00-2.75	8,300,000	105,000	8,095,000
Total revenue bonds		<u>\$ 100,680,000</u>	<u>\$ 6,090,000</u>	<u>\$ 64,780,000</u>

Federal Arbitrage:

General obligation bond and combination tax revenue bonds are subject to provisions of the Internal Revenue Code of 1986 and related arbitrage and interest income tax regulations under these provisions.

Discretely Presented Component Unit:

A summary of long-term debt transactions, including current portion, for the year ended September 30, 2014 are as follows:

	Balance September 30, 2013	Additions	Retirements	Balance September 30, 2014	Amounts Due Within One Year
Sales tax revenue bonds	\$ 8,335,000	\$ -	\$ 630,000	\$ 7,705,000	\$ 645,000
Net premium(discount) on bonds	(19,604)	-	(4,953)	(14,651)	(4,953)
	<u>8,315,396</u>	<u>-</u>	<u>625,047</u>	<u>7,690,349</u>	<u>640,047</u>
Accrued Compensated absences	82,094	-	48,091	34,003	5,100
Economic incentives payable	<u>2,111,200</u>	<u>2,061,300</u>	<u>663,354</u>	<u>3,509,146</u>	<u>1,421,814</u>
Total governmental activities	<u>\$ 10,508,690</u>	<u>\$ 2,061,300</u>	<u>\$ 1,336,492</u>	<u>\$ 11,233,498</u>	<u>\$ 2,066,961</u>

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 7: LONG-TERM DEBT (Cont'd)

The principal and interest requirements at September 30, 2014, for the component unit debt for the next five years and, thereafter, are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2015	\$ 645,000	\$ 318,450	\$ 963,450
2016	670,000	295,875	965,875
2017	695,000	272,425	967,425
2018	720,000	246,363	966,363
2019	745,000	217,563	962,563
2020-2024	4,230,000	595,025	4,823,025
	<u>\$ 7,705,000</u>	<u>\$ 1,945,701</u>	<u>\$ 9,648,701</u>

Long-term debt at September 30, 2014, includes the following individual issues:

	Interest Rates	Original Issue	Net Retirement	Outstanding September 30, 2014
Longview Economic Development Corporation:				
Sales Tax Revenue Bond:				
Issue of 2009/Maturing 2024	2.50-4.75	\$ 10,570,000	\$ 2,865,000	\$ 7,705,000
Total Sales Tax Revenue Bond - LEDCO		<u>10,570,000</u>	<u>2,865,000</u>	<u>7,705,000</u>

Pledged Revenues

The City intends to retire all, excluding amounts included with water utilities, of its general long-term liabilities, plus interest, from ad valorem taxes current revenues. General obligation bonds are direct obligations and pledge the full faith and credit of the government. The proprietary fund type long-term debt will be repaid, plus interest, from the operating revenues of the Water Utilities Fund. The component unit's long-term debt, plus interest, will be paid from current sales tax revenue.

The City is in compliance with all significant requirements, regulations and restrictions related to long-term bond debt.

NOTE 8: CURRENT YEAR DEBT ISSUANCE

During the year the City issued \$23,170,000 of General Obligation Bonds, Series 2013. The proceeds from the sale of the bonds will be used for constructing and improving streets and bridges in the City, including sidewalks, drainage and other incidental improvements and to pay the costs related to the issuance of the bonds.

In addition, the City also issued \$5,975,000 of General Obligation Refunding Bonds, Series 2014. The proceeds from the sale of the bonds were used to refund \$5,685,000 of the City's outstanding revenue bonds to achieve debt service savings and to pay the costs related to the issuance of the bonds. The reacquisition price exceeded the net carrying amount of the old debt by \$224,900. This amount is included in deferred outflows of resources and is being amortized over the remaining life of the refunded debt, which is shorter than the life of the new debt issued. The advance refunding was undertaken to reduce total debt service payments over the next 5 years by \$810,600 and resulted in an economic gain of \$238,718. The bonds are scheduled to mature in 2019 and are included in the detailed maturity schedules in Note 7.

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 9: INTERFUND TRANSACTIONS

The composition of interfund balances as of September 30, 2014, is as follows:

	Due from		
	General	Other Non-Major	Total
Due to:			
General	\$ -	\$ 775,937	\$ 775,937
Debt Service	11,787	-	11,787
Other Nonmajor	-	56,864	56,864
	<u>\$ 11,787</u>	<u>\$ 832,801</u>	<u>\$ 844,588</u>

Significant interfund balances relate to the following:

- (1) An interfund balance was created to offset negative cash balances in the other non-major funds, as they wait for their grant reimbursements, of:
- \$585,278 Grants Fund
 - \$141,352 Transit Fund
 - \$49,307 Community Development Block Grant Fund

During fiscal year ending September 30, 2014, the Water Utilities Fund loaned \$2,370,244 to the Sanitation Fund for the purchase of recycling bins to be used in the new Simplified Collection Program. This interfund loan is recorded as an advance payable/receivable in the proprietary funds statement of net position. The loan is payable over five years in annual installments of \$478,048.

Transfers between funds during the year were as follows:

	Transfers In			
	Governmental			Total
	General	Capital Projects	Nonmajor Governmental	
Transfers Out:				
General	\$ -	\$ 3,615,226	\$ 461,615	\$ 4,076,841
Debt Service	-	-	-	-
Capital Projects	506,939	-	-	506,939
Nonmajor governmental	<u>2,081,530</u>	<u>700,000</u>	<u>-</u>	<u>2,781,530</u>
Totals	<u>\$ 2,588,469</u>	<u>\$ 4,315,226</u>	<u>\$ 461,615</u>	<u>\$ 7,365,310</u>

Significant amounts transferred between funds related to the following activities:

- (1) \$3,615,226 was transferred from the General Fund to the Capital Projects Fund for the following purposes:
- \$1,650,000 was transferred for the City's participation with Texas Department of Transportation for the extension of George Richey Road.
 - \$1,504,500 was transferred for the City's portion of a developer participation agreement for the extension of Fourth Street
 - \$460,726 was transferred for the design of a local animal shelter

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 9: INTERFUND TRANSACTIONS (Cont'd)

- (2) \$461,615 was transferred from the General Fund to the Nonmajor Funds for the following purposes:
 - \$325,000 was transferred for the City's match on federal and state transit funding
 - \$50,000 was transferred to Maude Cobb Convention Center for operational expenditures
 - \$86,615 was transferred to the Grants Fund for the City's match on a fire apparatus grant
- (3) \$506,939 was transferred from Capital Projects to the General Fund for park and other projects qualifying for economic development funds.
- (4) \$140,878 was transferred from the Hotel Fund along with \$1,940,652 from the Drainage Fund for reimbursement of administrative expenses allocated to those funds.
- (5) \$700,000 was transferred from Nonmajor funds to the Capital Projects Fund for reimbursement of administrative expenses allocated to those funds

NOTE 10: COMMITMENTS AND CONTINGENCIES

Grant Audits

The City received federal and state grants for special purposes that are subjected to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. City management believes such disallowances, if any, would be insignificant.

Construction Commitments

The City has active construction projects as of September 30, 2014. The projects include street construction, park construction, drainage construction, and the construction of water and sewer facilities. At year-end, the City's commitments with contractors are as follows:

Project	Spent to-Date	Remaining Commitment
Streets/Traffic	\$ 22,380,188	\$ 17,127,948
Parks/Facilities	11,879,261	1,761,582
Water & Wastewater	608,786	3,343,592
Drainage	906,538	694,854
Sanitation	20,250	30,249
	\$ 35,795,023	\$ 22,958,225

The street construction projects and municipal facilities construction projects are funded by permanent bond proceeds. The park construction projects are funded by permanent bond proceeds and park fee revenues. Water and sewer construction projects are funded by revenue bond proceeds and cash from operating revenues of the water and sewer system. Drainage construction projects are funded by a one-quarter of one cent sales tax, as approved by voters.

The City has entered into a Developer Participation Contract for Roadway Improvements. In the interest of future development of the area and public safety, the City has agreed to pay the additional costs required to add a turn lane and side walk, neither of which is required, to the original plans the developer has for the roadway within his development. The estimated cost is \$565,000 and will be paid over 5 installments. The first installment of \$50,000 is contingent upon the developer providing all required documentation of the project, including the Certificate of Final Completion. The city expects the first installment to be paid within the fiscal year ending September 30, 2015. The four future annual installments will be in the amount of \$128,750, unless the City chooses, at its sole discretion, to pay additional amounts.

The City has entered into an additional Developer Participation Agreement whereas the City and the developer have agreed to share the construction costs for certain street improvements for the extension of Fourth Street northward from Hawkins Parkway. The City's participation expands the road from a two-lane road to a four-lane road plus a turn lane that will align seamlessly with the existing Fourth Street. The total project cost is estimated at \$3,766,997, of which the City is committed to pay an amount not to exceed \$1,383,498.

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 10: COMMITMENTS AND CONTINGENCIES (Cont'd)

The City has entered into two Advanced Funding Agreements with the Texas Department of Transportation (TxDOT) for the extension of George Richey Road (the "project"). The project will enhance transportation and economic development opportunities in the City of Longview and Gregg County. Therefore, local governments have agreed to match the funds provided by TxDOT through Advance Funding Agreements in order to start the project sooner.

In the agreements, the local governments have committed to acquire the rights of way for the project as well as bear all costs for adjustment, removal, or relocation of utility facilities. The right of way acquisitions and utility adjustments were estimated to be \$5,550,000 between the two agreements. As of September 30, 2014, the City estimates the remaining costs of right of way acquisition and utility adjustments to be \$1,500,000, of which the City expects to fund a significant portion of that amount themselves, with the remaining amount being funded by other local governments. Approximately \$1,000,000 is included within restricted cash and the restricted fund balance of the Capital Projects Fund for this project.

Water Purchase Contracts

The City has the following commitments for the purchase of raw water:

<u>Provider</u>	<u>Minimal Amount Purchases (before escalation clauses)</u>	<u>Contract Expiration Date</u>
Sabine River Authority	\$ 651,750	January 1, 2049
Cherokee Water Company	886,315	September 20, 2035
Northeast Texas Municipal Water District	342,144	April 19, 2045

Encumbrances

Other significant commitments include encumbrances outstanding for the General Fund as shown below:

	<u>Encumbrances</u>
Capital outlay	\$ 596,343
Maintenance	275,742
Other	54,036
	<u>\$ 926,121</u>

Litigation

The City is party to various claims and litigations arising in the ordinary course of its operations. Management, based on counsel's opinion, believes the City has adequate legal defense and/or insurance coverage with respect to each of these actions and does not believe that they will materially alter the City's financial position, as a whole.

NOTE 11: CHANGE IN ACCOUNTING ESTIMATE

During the year, Texas Municipal League (TML), the plan administrator for General Liability and Workers Compensation Plans, reviewed the estimates related to open claims and made changes to the estimates based on their professional judgment of the circumstances surrounding those claims. The change in estimate for the General Liability Fund and Workers Compensation Fund amounted to a \$30,741 decrease in liability. It is management's opinion that the liability recorded for these funds as of September 30, 2014 is adequate to cover insurance deductibles and potential claims outside of the insurance coverage.

During the year, the City reviewed their methodology for determining the allowance for uncollectible accounts related to ambulance services. This analysis included a review of payer contractual adjustments on billed charges as well as historical collection rates on balances remaining after contractual adjustments have been applied. As a result, the City changed the percentage rate used to estimate the allowance for uncollectible accounts, resulting in an increase in net accounts receivable and a positive adjustment of \$238,380 on the Statement of Activities as of September 30, 2014.

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 12: RISK MANAGEMENT

The City's risk management activities are administered through various internal service funds.

Worker's Compensation

The City uses the Workers Compensation Fund to account for contributions from departments for coverage and payment of premiums, claims and administration costs. The City's workers' compensation insurance is purchased through participation in the TML Intergovernmental Risk Pool. The City pays an annual contribution to the plan, in annual installments, in advance for coverage. TML is responsible for the administration of the plan. The City was self-insured for worker's compensation prior to October 1, 1999 and still has claims pending from the self-insured period. TML was contracted to handle the administration of these claims, but the City is required to pay for any distributions related to these claims. The City has accrued a liability of \$81,882 for the payment of future claims related to the self-insurance period.

Group Health

The City is self-insured for health and dental coverage. The City's group health plan provides City employees with health and dental insurance through the Group Health and Life Insurance Fund (the "GHF"). The premiums for insurance coverage are paid from funds obtained from payroll deductions and charges to City departments and participating employees. The City utilizes an independent administrator for the plan and is self-insured up to \$125,000 per participant and \$7,994,047 in the aggregate at September 30, 2014. The City has accrued a liability of \$650,669 for estimated unreported claims at September 30, 2014.

General Liability

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to citizens; and natural disasters. The City participates in the TML, which provides general liability, errors and omissions liability, automobile liability, law enforcement liability, public officials liability, real and personal property coverage. The TML is responsible for all fund business on behalf of TML members and shall maintain adequate protection from catastrophic losses to protect its financial integrity. The City has agreed to adopt and accept the coverages, provisions, terms, conditions, exclusions and limitations as provided for in the TML Self-Insurance Plan. The City also agrees to pay the annual contribution to the fund, in annual installments, in advance.

Both parties have a right to terminate this agreement. The City maintains an accrued liability for general liability claims to cover insurance deductibles and potential claims outside of the insurance coverage. The liability accrued for these items was \$139,000 at September 30, 2014. Settlements have not exceeded coverages for the past 3 years.

Changes in the balance of claims liabilities during fiscal 2013 and 2014 are as follows:

Fund	Liability Beginning of Year	Claims and Changes in Estimates	Claim payments and Changes in Estimates	Liability End of Year
<u>2014</u>				
General Liability	\$ 30,741	\$ 559,945	\$ 451,686	\$ 139,000
Workers' Compensation	95,803	372,454	386,375	81,882
Group Health	715,244	7,748,229	7,812,804	650,669
Total	<u>\$ 841,788</u>	<u>\$ 8,680,628</u>	<u>\$ 8,650,865</u>	<u>\$ 871,551</u>
<u>2013</u>				
General Liability	\$ 45,804	\$ 212,460	\$ 227,523	\$ 30,741
Workers' Compensation	128,577	313,515	346,289	95,803
Group Health	857,872	7,546,774	7,689,402	715,244
Total	<u>\$ 1,032,253</u>	<u>\$ 8,072,749</u>	<u>\$ 8,263,214</u>	<u>\$ 841,788</u>

**CITY OF LONGVIEW, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 13: PRIOR PERIOD ADJUSTMENT

As a result of implementing GASB 65, *Items Previously Reported as Assets and Liabilities*, net position was restated at October 1, 2013. With the adoption of GASB 65, the City is reporting the deferred losses on bond refundings as deferred outflows. Bond issuance costs (excluding the portion related to bond insurance) are expensed and no longer amortized annually as other assets.

	Governmental Activities	Business Type Activities	Discretely Presented Component Unit
October 1, 2013, as previously reported	\$ 86,394,963	\$ 74,000,175	\$ 19,037,262
Adjustment for GASB 65	(235,734)	(390,074)	(109,000)
October 1, 2013 as restated	<u>\$ 86,159,229</u>	<u>\$ 73,610,101</u>	<u>\$ 18,928,262</u>

NOTE 14: SUBSEQUENT EVENTS

The City issued \$31,905,000 in Waterworks and Sewer System Revenue Refunding Bonds on February 1, 2015. Proceeds from the Bonds will be used to refund a portion of the city's outstanding Waterworks and Sewer System debt and to pay costs related to the issuance of the Bonds.

Subsequent events have been evaluated through March 26, 2015, the date the financial statements were available to be issued.

**REQUIRED
SUPPLEMENTARY INFORMATION
(UNAUDITED)**

CITY OF LONGVIEW, TEXAS

**TEXAS MUNICIPAL RETIREMENT SYSTEM
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF FUNDING PROGRESS**

(UNAUDITED)

Historical trend information about TMRS is presented herewith as required supplementary information. This information is intended to help users assess TMRS funding status on a going-concern basis, and assess progress made in accumulating assets to pay benefits.

City's Fiscal Year	Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability	(3) Percentage Funded (1) / (2)	(4) Unfunded (Overfunded) Actuarial Liability (UAAL) (2) - (1)	(5) Annual Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (4)/(5)
9/30/2014	12/31/2013	\$ 131,159,207	\$ 146,005,790	89.8%	\$ 14,846,583	\$ 28,463,407	52.2%
9/30/2013	12/31/2012	123,243,597	131,800,392	93.5%	8,556,795	27,631,108	31.0%
9/30/2012	12/31/2011	116,279,461	127,350,362	91.3%	11,070,901	27,130,278	40.8%
9/30/2011	12/31/2010	108,886,965	120,108,261	90.7%	11,221,296	26,992,555	41.6%
9/30/2010	12/31/2009	55,991,402	79,073,251	70.8%	23,081,849	26,998,655	85.5%
9/30/2009	12/31/2008	54,827,966	76,695,858	71.5%	21,867,892	25,732,343	85.0%
9/30/2008	12/31/2007	53,397,882	87,778,451	60.8%	34,380,569	21,409,921	160.6%
9/30/2007	12/31/2006	51,050,506	71,225,422	71.7%	20,174,916	21,528,866	93.7%
9/30/2006	12/31/2005	51,260,048	70,344,160	72.9%	19,084,112	21,182,196	90.1%
9/30/2005	12/31/2004	47,513,488	65,120,105	73.0%	17,606,617	20,590,784	85.5%

CITY OF LONGVIEW, TEXAS

**LONGVIEW FIREMEN'S RELIEF AND RETIREMENT FUND
REQUIRED SUPPLEMENTAL INFORMATION**

SCHEDULE OF FUNDING PROGRESS

(UNAUDITED)

Historical trend information about the Longview Firemen's Relief and Retirement Fund is presented herewith as required supplementary information. This information is intended to help users assess the Longview Firemen's Relief and Retirement Fund funding. A copy of the separately issued Longview Firemen's Relief and Retirement Fund's report can be obtained by writing or calling the City Of Longview's Finance Department.

Actuarial Valuation Date	Actuarial Value of Assets ¹ (a)	Actuarial Accrued Liability ² (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2013 ³	\$ 46,326,150	\$ 82,401,773	\$ 36,075,623	56.2%	\$ 10,959,322	329.2%
12/31/2011	39,578,091	76,085,585	36,507,494	52.0%	10,123,308	360.6%
12/31/2009	38,180,718	70,251,759	32,071,041	54.3%	9,859,161	325.3%
12/31/2007	44,640,187	60,563,321	15,923,134	73.7%	8,524,544	186.8%
12/31/2005	34,952,561	51,834,530	16,881,969	67.4%	7,452,033	226.5%
12/31/2003	31,402,733	45,217,356	13,814,623	69.4%	6,444,195	214.4%
12/31/2001	31,539,354	40,363,204	8,823,850	78.1%	6,012,613	146.8%

¹ Beginning with 12/31/2007, the Actuarial Value of Assets is the fair market value of the fund. Prior to 12/31/2007 the Actuarial Value of Assets was the average of the cost basis and the fair market value of the fund.

² The Actuarial Accrued Liability is based upon a variation of the aggregate entry age normal actuarial cost method with the unfunded actuarial accrued liability being amortized as a level percentage of pay.

³ The economic assumptions used for the 12/31/2013 actuarial valuation include:

Investment return	8.00%
Projected salary increases	3.00%
Amortization increase	3.00%
Remaining amortization period	63.3 years

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Plan Year Ended December 31	Annual Pension Cost (APC)*	Employer Contribution	Percentage Contributed
2013	\$ 2,334,696	\$ 1,807,054	77%
2012	2,293,526	1,657,634	72%
2011	2,293,526	1,577,295	69%
2010	2,071,446	1,585,082	77%
2009	1,883,552	1,530,249	81%
2008	861,516	1,364,769	158%
2007	1,035,043	1,156,119	112%
2006	990,203	1,089,894	110%

* Total GASB 25 Annual Required Contribution (ARC) less employee contributions.

CITY OF LONGVIEW, TEXAS

**OTHER POST-EMPLOYMENT BENEFITS
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF FUNDING PROGRESS**

(UNAUDITED)

Historical trend information about the City's other post employment benefit liability is presented herewith as required supplementary information. This information is intended to help users assess the City's funding.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
9/30/2014	\$ -	\$ 20,217,880	\$ 20,217,880	0%	\$ 36,361,030	55.6%
9/30/2012	-	24,343,781	24,343,781	0%	33,843,871	71.9%
9/30/2010	-	26,199,626	26,199,626	0%	34,143,079	76.7%
9/30/2009	-	24,486,623	24,486,623	0%	30,077,414	81.4%

**COMBINING FUND FINANCIAL STATEMENTS
AND SCHEDULES**

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NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes. The City has the following special revenue funds:

Municipal Court - To account for the special revenue collected on all misdemeanors used to provide security at the municipal court building.

Community Development Block Grant - To account for the operations of projects utilizing Community Development Block Grant Funds. Such revenue is restricted to expenditures for specified projects by the U. S. Department of Housing and Urban Development.

Housing Assistance Fund - To account for the City's operations of the Housing Assistance program, which is sponsored by the U. S. Department of Housing and Urban Development.

Transit System - To account for City receipts and expenditures related to the City's mass transit bus system.

Police Department Special - To account for the special revenue from forfeited property seized in connection with violations of the Controlled Substances Act and for the disposition of such revenue.

E – 911 - To account for the special revenue received and expended to operate the City's emergency response system.

Hotel Occupancy Tax - To account for the special revenue assessed on hotel/motel occupancy. The special assessment is provided by State statute, which restricts expenditures to specific uses.

Maude Cobb Activity Fund - This fund accounts for the activities associated with the Maude Cobb Activity Center. This center is funded by the hotel occupancy tax, an interfund transfer by the General Fund and by user fees.

Drainage Sales Tax - To account for a portion of the City's sales tax to be used on various drainage projects.

School Crossing Guard - To account for court fees collected when a person is convicted of an offense within a school crossing zone. In a municipal court case these funds are required to be used for a school crossing guard program.

Special Revenue Grants - To account for special revenue funds which are individually insignificant to the Special Revenue Funds assets, liabilities, revenues, expenditures and fund balance as a whole. These funds are the Home Investment Partnership grant, Shelter Plus Care grant, Metropolitan Planning Organization grant, State Homeland Security grant, Child Sexual Predator Program, Children of Prisoners grant, Department of Energy Block Grant, Rural Generator grant, Longview Train Station & Multimodal Center grant, ICAC V and VII grants, STEP Tobacco grant, Crisis Response grant, Lone Star Libraries, Bulletproof vests grant, Sexual Assault Nurse Exam grant, Mentoring Program grant, Highland Village Homeownership grant, and Miscellaneous grants.

Donations - To account for any unrestricted donations made to the City.

Federal Motor Carrier Violations – to account for fines collected under the Federal Motor Carrier Safety Assistance Program.

Tax Increment Fund - To account for the property taxes collected within the Tax Incremental Reinvestment Zone.

Photo Enforcement Program - Red Flex – To account for fines collected as a result of the traffic light cameras.

CITY OF LONGVIEW, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2014

	<u>Municipal Court</u>	<u>Community Development Block Grant</u>	<u>Housing Assistance</u>	<u>Transit System</u>
ASSETS				
Cash and cash equivalents	\$ 239,970	\$ -	\$ 904,043	\$ -
Investments	-	-	-	-
Accounts receivable, net	-	-	90,901	-
Due from other funds	-	-	-	-
Accrued interest	-	-	-	-
Other assets	-	-	-	-
Intergovernmental receivables	-	100,766	-	170,927
Total assets	<u>\$ 239,970</u>	<u>\$ 100,766</u>	<u>\$ 994,944</u>	<u>\$ 170,927</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 599	48,786	\$ 1,183	\$ 137,844
Accrued liabilities	-	2,673	-	-
Due to other funds	-	49,307	56,864	141,352
Other payables	-	-	-	-
Family self-sufficiency escrow	-	-	38,431	-
Total liabilities	599	100,766	96,478	279,196
DEFERRED INFLOWS OF RESOURCES				
Advance of grant funds	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund balances:				
Restricted for:				
Municipal court facilities	239,371	-	-	-
Purposes of grantors and donors	-	-	898,466	-
911 Emergency operations	-	-	-	-
Tourism and convention facilities	-	-	-	-
Tax increment district	-	-	-	-
Other public safety	-	-	-	-
Committed to:				
Drainage improvements	-	-	-	-
Unassigned:				(108,269)
Total fund balances	<u>239,371</u>	<u>-</u>	<u>898,466</u>	<u>(108,269)</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 239,970</u>	<u>\$ 100,766</u>	<u>\$ 994,944</u>	<u>\$ 170,927</u>

Police Department Special	E-911	Hotel Occupancy Tax	Maude Cobb Activity Fund	Drainage Sales Tax	School Crossing Guard	Grants
\$ 131,823	\$ 817,990	\$ 1,955,578	\$ 484,961	\$ 945,325	\$ 37,642	\$ -
-	-	-	-	500,000	-	-
-	107,298	217,074	-	927,183	-	-
-	-	-	-	-	-	56,864
-	-	-	-	89	-	-
774	-	-	-	-	-	-
-	-	-	-	-	-	1,018,637
<u>\$ 132,597</u>	<u>\$ 925,288</u>	<u>\$ 2,172,652</u>	<u>\$ 484,961</u>	<u>\$ 2,372,597</u>	<u>\$ 37,642</u>	<u>\$ 1,075,501</u>
\$ 110	\$ 1,246	\$ 48,638	\$ 121,641	\$ 62,945	\$ -	\$ 155,574
-	15,046	-	9,468	27,072	1,832	12,359
-	-	-	-	-	-	585,278
34,977	-	-	8,131	-	-	-
-	-	-	-	-	-	-
<u>35,087</u>	<u>16,292</u>	<u>48,638</u>	<u>139,240</u>	<u>90,017</u>	<u>1,832</u>	<u>753,211</u>
-	-	-	-	-	-	153,102
-	-	-	-	-	-	153,102
-	-	-	-	-	-	-
-	-	-	-	-	-	169,188
-	908,996	-	-	-	-	-
-	-	2,124,014	345,721	-	-	-
-	-	-	-	-	-	-
97,510	-	-	-	-	35,810	-
-	-	-	-	2,282,580	-	-
-	-	-	-	-	-	-
<u>97,510</u>	<u>908,996</u>	<u>2,124,014</u>	<u>345,721</u>	<u>2,282,580</u>	<u>35,810</u>	<u>169,188</u>
<u>\$ 132,597</u>	<u>\$ 925,288</u>	<u>\$ 2,172,652</u>	<u>\$ 484,961</u>	<u>\$ 2,372,597</u>	<u>\$ 37,642</u>	<u>\$ 1,075,501</u>

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CITY OF LONGVIEW, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
(Continued)
SEPTEMBER 30, 2014

	<u>Donations</u>	<u>Federal Motor Carrier Violations</u>	<u>Tax Increment District</u>	<u>Red Flex</u>	<u>Totals</u>
ASSETS					
Cash and cash equivalents	\$ 24,215	\$ 82,805	\$ 36,196	\$ 472,495	\$ 6,133,043
Investments	-	-	-	-	500,000
Accounts receivable, net	-	-	-	-	1,342,456
Due from other funds	-	-	-	-	56,864
Accrued interest	-	-	-	-	89
Prepaid expenses and other assets	-	-	-	27,135	27,909
Intergovernmental receivables	-	-	-	-	1,290,330
Total assets	<u>\$ 24,215</u>	<u>\$ 82,805</u>	<u>\$ 36,196</u>	<u>\$ 499,630</u>	<u>\$ 9,350,691</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 92	\$ -	\$ -	\$ -	\$ 578,658
Accrued liabilities	-	-	-	-	68,450
Due to other funds	-	-	-	-	832,801
Other payables	-	-	-	193,529	236,637
Family self-sufficiency escrow	-	-	-	-	38,431
Total liabilities	92	-	-	193,529	1,754,977
DEFERRED INFLOWS OF RESOURCES					
Advances of grant funds	-	-	-	-	153,102
	-	-	-	-	153,102
Fund balances:					
Restricted for:					
Municipal court facilities	-	-	-	-	239,371
Purposes of grantors and donors	24,123	-	-	-	1,091,777
911 Emergency operations	-	-	-	-	908,996
Tourism and convention facilities	-	-	-	-	2,469,735
Tax increment district	-	-	36,196	-	36,196
Other public safety	-	82,805	-	306,101	522,226
Committed to:					
Drainage improvements	-	-	-	-	2,282,580
Unassigned:	-	-	-	-	(108,269)
Total fund balances	<u>24,123</u>	<u>82,805</u>	<u>36,196</u>	<u>306,101</u>	<u>7,442,612</u>
Total liabilities and fund balances	<u>\$ 24,215</u>	<u>\$ 82,805</u>	<u>\$ 36,196</u>	<u>\$ 499,630</u>	<u>\$ 9,350,691</u>

CITY OF LONGVIEW, TEXAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES**

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	<u>Municipal Court</u>	<u>Community Development Block Grant</u>	<u>Housing Assistance</u>	<u>Transit System</u>
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	861,887	5,388,790	1,808,884
Fines and forfeitures	127,893	-	-	-
Charges for services	-	-	-	348,037
Investment earnings	931	-	3,021	-
Miscellaneous	-	-	183,693	-
Total revenues	<u>128,824</u>	<u>861,887</u>	<u>5,575,504</u>	<u>2,156,921</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	78,848	-	-	-
Public works	-	-	-	-
Developmental services	-	500,460	-	-
Public welfare	-	-	4,938,295	-
Culture and recreation	-	-	-	-
Public transit	-	-	-	1,976,819
Debt service:				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	14,173	361,427	39,735	495,688
Total expenditures	<u>93,021</u>	<u>861,887</u>	<u>4,978,030</u>	<u>2,472,507</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	35,803	-	597,474	(315,586)
OTHER FINANCING SOURCES (USES)				
Insurance proceeds	-	-	-	35,586
Sale of capital assets	-	-	-	-
Transfers in	-	-	-	325,000
Transfers out	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>360,586</u>
NET CHANGE IN FUND BALANCES	35,803	-	597,474	45,000
FUND BALANCES, BEGINNING	<u>203,568</u>	<u>-</u>	<u>300,992</u>	<u>(153,269)</u>
FUND BALANCES, ENDING	<u>\$ 239,371</u>	<u>\$ -</u>	<u>\$ 898,466</u>	<u>\$ (108,269)</u>

Police Department Special	E-911	Hotel Occupancy Tax	Maude Cobb Activity Fund	Drainage Sales Tax	School Crossing Guard	Grants
\$ -	\$ -	\$ 1,502,455	\$ 873,088	\$ 5,416,286	\$ -	\$ -
-	-	-	-	-	-	1,540,346
29,626	-	-	-	-	51,331	-
-	820,741	-	459,198	-	-	-
551	4,200	2,788	2,385	6,817	123	-
-	-	-	6,529	-	-	-
<u>30,177</u>	<u>824,941</u>	<u>1,505,243</u>	<u>1,341,200</u>	<u>5,423,103</u>	<u>51,454</u>	<u>1,540,346</u>
-	-	-	-	-	-	-
29,343	845,923	-	-	-	43,806	277,802
-	-	-	-	2,418,725	-	236,437
-	-	-	-	-	-	443,790
-	-	-	-	-	-	-
-	-	968,820	1,072,776	-	-	6,791
-	-	-	-	-	-	128,200
-	-	-	-	6,629	-	-
-	-	-	-	3,618	-	-
<u>13,392</u>	<u>43,422</u>	<u>48,598</u>	<u>265,970</u>	<u>173,955</u>	<u>-</u>	<u>558,535</u>
<u>42,735</u>	<u>889,345</u>	<u>1,017,418</u>	<u>1,338,746</u>	<u>2,602,927</u>	<u>43,806</u>	<u>1,651,555</u>
(12,558)	(64,404)	487,825	2,454	2,820,176	7,648	(111,209)
-	-	-	-	-	-	-
3,164	-	-	-	-	-	-
-	-	-	50,000	-	-	86,615
-	-	-	(140,877)	(2,640,653)	-	-
<u>3,164</u>	<u>-</u>	<u>-</u>	<u>(90,877)</u>	<u>(2,640,653)</u>	<u>-</u>	<u>86,615</u>
(9,394)	(64,404)	487,825	(88,423)	179,523	7,648	(24,594)
<u>106,904</u>	<u>973,400</u>	<u>1,636,189</u>	<u>434,144</u>	<u>2,103,057</u>	<u>28,162</u>	<u>193,782</u>
<u>\$ 97,510</u>	<u>\$ 908,996</u>	<u>\$ 2,124,014</u>	<u>\$ 345,721</u>	<u>\$ 2,282,580</u>	<u>\$ 35,810</u>	<u>\$ 169,188</u>

(Continued)

CITY OF LONGVIEW, TEXAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES**

NONMAJOR GOVERNMENTAL FUNDS

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Donations	Federal Motor Carrier Violations	Tax Increment Fund	Red Flex	Totals
REVENUES					
Taxes	\$ -	\$ -	\$ 29,544	\$ -	\$ 7,821,373
Intergovernmental	-	-	-	-	9,599,907
Fines and forfeitures	-	60,176	-	391,535	660,561
Charges for services	-	-	-	-	1,627,976
Investment earnings	-	296	88	1,282	22,482
Miscellaneous	44,827	-	-	-	235,049
Total revenues	<u>44,827</u>	<u>60,472</u>	<u>29,632</u>	<u>392,817</u>	<u>19,967,348</u>
EXPENDITURES					
Current:					
General government	20,554	-	-	-	20,554
Public safety	100	20,536	-	215,931	1,512,289
Public works	-	-	-	-	2,655,162
Developmental services	-	-	-	-	944,250
Public welfare	-	-	-	-	4,938,295
Culture and recreation	5,274	-	-	-	2,053,661
Public transit	-	-	-	-	2,105,019
Debt service:					
Principal	-	-	-	-	6,629
Interest and other charges	-	-	-	-	3,618
Capital outlay	-	13,844	-	41,031	2,069,770
Total expenditures	<u>25,928</u>	<u>34,380</u>	<u>-</u>	<u>256,962</u>	<u>16,309,247</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	18,899	26,092	29,632	135,855	3,658,101
OTHER FINANCING SOURCES (USES)					
Insurance proceeds	-	-	-	-	35,586
Sale of capital assets	-	-	-	-	3,164
Transfers in	-	-	-	-	461,615
Transfers out	-	-	-	-	(2,781,530)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,281,165)</u>
NET CHANGE IN FUND BALANCES	18,899	26,092	29,632	135,855	1,376,936
FUND BALANCES, BEGINNING	<u>5,224</u>	<u>56,713</u>	<u>6,564</u>	<u>170,246</u>	<u>6,065,676</u>
FUND BALANCES, ENDING	<u>\$ 24,123</u>	<u>\$ 82,805</u>	<u>\$ 36,196</u>	<u>\$ 306,101</u>	<u>\$ 7,442,612</u>

**SCHEDULES OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL**

**CITY OF LONGVIEW, TEXAS
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Adjustments to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>				
REVENUE						
Property taxes	\$ 6,398,148	\$ 6,398,148	\$ 6,559,469	\$ (17,546)	\$ 6,541,923	\$ 143,775
Interest revenue	20,000	20,000	26,337	-	26,337	6,337
Miscellaneous	-	-	5,815	-	5,815	5,815
Total revenue	<u>6,418,148</u>	<u>6,418,148</u>	<u>6,591,621</u>	<u>(17,546)</u>	<u>6,574,075</u>	<u>155,927</u>
EXPENDITURES						
Debt Service:						
Paying Agent	6,000	6,000	-	-	-	6,000
Principal retirement	4,560,000	4,560,000	4,560,000	-	4,560,000	-
Interest and fiscal charges	2,102,148	2,102,148	2,583,931	-	2,583,931	(481,783)
Total expenditures	<u>6,668,148</u>	<u>6,668,148</u>	<u>7,143,931</u>	<u>-</u>	<u>7,143,931</u>	<u>(475,783)</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>(250,000)</u>	<u>(250,000)</u>	<u>(552,310)</u>	<u>(17,546)</u>	<u>(569,856)</u>	<u>(319,856)</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from long-term debt			68,739		68,739	68,739
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>68,739</u>	<u>-</u>	<u>68,739</u>	<u>68,739</u>
NET CHANGE IN FUND BALANCE	<u>(250,000)</u>	<u>(250,000)</u>	<u>(483,571)</u>	<u>(17,546)</u>	<u>(501,117)</u>	<u>(251,117)</u>
FUND BALANCE - BEGINNING	<u>2,987,721</u>	<u>2,987,721</u>	<u>2,987,721</u>	<u>-</u>	<u>2,987,721</u>	<u>-</u>
FUND BALANCE - END	<u>\$ 2,737,721</u>	<u>\$ 2,737,721</u>	<u>\$ 2,504,150</u>	<u>\$ (17,546)</u>	<u>\$ 2,486,604</u>	<u>\$ (251,117)</u>

**CITY OF LONGVIEW, TEXAS
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Adjustments to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>				
REVENUE						
Intergovernmental	\$ 3,590,226	\$ 3,590,226	\$ 1,250,000	\$ -	\$ 1,250,000	\$ (2,340,226)
Investment earnings	-	-	99,586	(5,238)	94,348	94,348
Miscellaneous	-	-	186,443	-	186,443	186,443
Total revenue	<u>3,590,226</u>	<u>3,590,226</u>	<u>1,536,029</u>	<u>(5,238)</u>	<u>1,530,791</u>	<u>(2,059,435)</u>
EXPENDITURES						
Current:						
General government	58,830	58,830	1,522	-	1,522	57,308
Debt Service:						
Interest and other fiscal charges	151,900	151,900	463,888	-	463,888	(311,988)
Capital Outlay	29,623,298	29,623,298	11,511,773	-	11,511,773	18,111,525
Total expenditures	<u>29,834,028</u>	<u>29,834,028</u>	<u>11,977,183</u>	<u>-</u>	<u>11,977,183</u>	<u>17,856,845</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>(26,243,802)</u>	<u>(26,243,802)</u>	<u>(10,441,154)</u>	<u>(5,238)</u>	<u>(10,446,392)</u>	<u>15,797,410</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from long-term debt	23,000,000	23,000,000	23,756,984	-	23,756,984	756,984
Transfers in	700,000	700,000	4,315,226	-	4,315,226	(3,615,226)
Transfers out	(400,000)	(400,000)	(506,939)	-	(506,939)	(106,939)
Total other financing sources (uses)	<u>23,300,000</u>	<u>23,300,000</u>	<u>27,565,271</u>	<u>-</u>	<u>27,565,271</u>	<u>(2,965,181)</u>
NET CHANGE IN FUND BALANCE	<u>(2,943,802)</u>	<u>(2,943,802)</u>	<u>17,124,117</u>	<u>(5,238)</u>	<u>17,118,879</u>	<u>12,832,229</u>
FUND BALANCE - BEGINNING	<u>12,525,693</u>	<u>12,525,693</u>	<u>12,525,693</u>	<u>-</u>	<u>12,525,693</u>	<u>-</u>
FUND BALANCE - END	<u>\$ 9,581,891</u>	<u>\$ 9,581,891</u>	<u>\$ 29,649,810</u>	<u>\$ (5,238)</u>	<u>\$ 29,644,572</u>	<u>\$ 12,832,229</u>

**CITY OF LONGVIEW, TEXAS
MUNICIPAL COURT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Adjustments to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>				
REVENUE						
Fines and forfeitures	\$ 142,000	\$ 142,000	\$ 127,893	\$ -	\$ 127,893	\$ (14,107)
Investment earnings	-	-	931	-	931	931
Total revenue	<u>142,000</u>	<u>142,000</u>	<u>128,824</u>	<u>-</u>	<u>128,824</u>	<u>(13,176)</u>
EXPENDITURES						
Current:						
Public safety	128,163	128,163	78,848	-	78,848	49,315
Capital outlay	-	-	14,173	-	14,173	(14,173)
Total expenditures	<u>128,163</u>	<u>128,163</u>	<u>93,021</u>	<u>-</u>	<u>93,021</u>	<u>35,142</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	13,837	13,837	35,803	-	35,803	21,966
NET CHANGE IN FUND BALANCE	13,837	13,837	35,803	-	35,803	21,966
FUND BALANCE - BEGINNING	203,568	203,568	203,568	-	158,563	-
FUND BALANCE - END	<u>\$ 217,405</u>	<u>\$ 217,405</u>	<u>\$ 239,371</u>	<u>\$ -</u>	<u>\$ 194,366</u>	<u>\$ 21,966</u>

**CITY OF LONGVIEW, TEXAS
COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Adjustments to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>				
REVENUE						
Intergovernmental	\$ 1,332,693	\$ 1,332,693	\$ 861,887	\$ -	\$ 861,887	\$ (470,806)
Total revenue	<u>1,332,693</u>	<u>1,332,693</u>	<u>861,887</u>	<u>-</u>	<u>861,887</u>	<u>(470,806)</u>
EXPENDITURES						
Current:						
Developmental services	667,670	667,670	500,460	-	500,460	167,210
Capital outlay	665,023	665,023	361,427	-	361,427	303,596
Total expenditures	<u>1,332,693</u>	<u>1,332,693</u>	<u>861,887</u>	<u>-</u>	<u>861,887</u>	<u>470,806</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	-	-	-	-	-	-
NET CHANGE IN FUND BALANCE	-	-	-	-	-	-
FUND BALANCE - BEGINNING	-	-	-	-	-	-
FUND BALANCE - END	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF LONGVIEW, TEXAS
TRANSIT SYSTEM SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<u>Budgeted Amounts</u>		Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget
	Original	Final				
REVENUE						
Intergovernmental	\$ 2,366,496	\$ 2,366,496	\$ 1,808,884	\$ -	\$ 1,808,884	\$ (557,612)
Charges for services	-	-	348,037	-	348,037	348,037
Total revenue	<u>2,366,496</u>	<u>2,366,496</u>	<u>2,156,921</u>	<u>-</u>	<u>2,156,921</u>	<u>(209,575)</u>
EXPENDITURES						
Current:						
Public transit	1,920,496	1,920,496	1,976,819	-	1,976,819	(56,323)
Capital outlay	771,000	1,094,997	495,688	-	495,688	599,309
Total expenditures	<u>2,691,496</u>	<u>3,015,493</u>	<u>2,472,507</u>	<u>-</u>	<u>2,472,507</u>	<u>542,986</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>(325,000)</u>	<u>(648,997)</u>	<u>(315,586)</u>	<u>-</u>	<u>(315,586)</u>	<u>333,411</u>
OTHER FINANCING SOURCES (USES)						
Insurance Proceeds - Capital Asset			35,586		35,586	35,586
Transfers in	325,000	325,000	325,000	-	325,000	-
Total other financing sources (uses)	<u>325,000</u>	<u>325,000</u>	<u>360,586</u>	<u>-</u>	<u>360,586</u>	<u>35,586</u>
NET CHANGE IN FUND BALANCE	-	(323,997)	45,000	-	45,000	368,997
FUND BALANCE - BEGINNING	(153,269)	(153,269)	(153,269)	-	(153,269)	-
FUND BALANCE - END	<u>\$ (153,269)</u>	<u>\$ (477,266)</u>	<u>\$ (108,269)</u>	<u>\$ -</u>	<u>\$ (108,269)</u>	<u>\$ 368,997</u>

**CITY OF LONGVIEW, TEXAS
POLICE DEPARTMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Adjustments to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>				
REVENUE						
Fines and forfeitures	\$ 32,500	\$ 32,500	\$ 29,626	\$ -	\$ 29,626	\$ (2,874)
Investment earnings	700	700	551	(300)	251	(449)
Total revenue	<u>33,200</u>	<u>33,200</u>	<u>30,177</u>	<u>(300)</u>	<u>29,877</u>	<u>(3,323)</u>
EXPENDITURES						
Current:						
Public safety	71,455	71,455	29,343	\$ -	29,343	42,112
Capital outlay	-	-	13,392	-	13,392	(13,392)
Total expenditures	<u>71,455</u>	<u>71,455</u>	<u>42,735</u>	<u>-</u>	<u>42,735</u>	<u>28,720</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(38,255)	(38,255)	(12,558)	(300)	(12,858)	25,397
OTHER FINANCING SOURCES (USES)						
Proceeds from sale of assets			3,164		3,164	
Total other financing sources (uses)	-	-	<u>3,164</u>	-	<u>3,164</u>	-
NET CHANGE IN FUND BALANCE	-	-	(9,394)	(300)	(9,694)	-
FUND BALANCE - BEGINNING	106,904	106,904	106,904	-	106,904	-
FUND BALANCE - END	<u>\$ 68,649</u>	<u>\$ 68,649</u>	<u>\$ 97,510</u>	<u>\$ (300)</u>	<u>\$ 97,210</u>	<u>\$ 25,397</u>

**CITY OF LONGVIEW, TEXAS
E-911 SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<u>Budgeted Amounts</u>		Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget
	Original	Final				
REVENUE						
Charges for services	\$ 846,000	\$ 846,000	\$ 820,741	\$ 9,165	\$ 829,906	\$ (16,094)
Investment earnings	2,000	2,000	4,200	162	4,362	2,362
Total revenue	<u>848,000</u>	<u>848,000</u>	<u>824,941</u>	<u>9,327</u>	<u>834,268</u>	<u>(13,732)</u>
EXPENDITURES						
Current:						
Public safety	894,505	894,505	845,923	(2,849)	843,074	51,431
Capital outlay	45,722	45,722	43,422	-	43,422	2,300
Total expenditures	<u>940,227</u>	<u>940,227</u>	<u>889,345</u>	<u>(2,849)</u>	<u>886,496</u>	<u>53,731</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>(92,227)</u>	<u>(92,227)</u>	<u>(64,404)</u>	<u>12,176</u>	<u>(52,228)</u>	<u>39,999</u>
NET CHANGE IN FUND BALANCE	<u>(92,227)</u>	<u>(92,227)</u>	<u>(64,404)</u>	<u>12,176</u>	<u>(52,228)</u>	<u>39,999</u>
FUND BALANCE - BEGINNING	973,400	973,400	973,400	-	973,400	-
FUND BALANCE - END	<u>\$ 881,173</u>	<u>\$ 881,173</u>	<u>\$ 908,996</u>	<u>\$ 12,176</u>	<u>\$ 921,172</u>	<u>\$ 39,999</u>

**CITY OF LONGVIEW, TEXAS
HOTEL OCCUPANCY TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Adjustments to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>				
REVENUE						
Taxes	\$ 1,343,415	\$ 1,343,415	\$ 1,502,455	\$ 15,722	\$ 1,518,177	\$ 174,762
Investment earnings	3,000	3,000	2,788	180	2,968	(32)
Total revenue	<u>1,346,415</u>	<u>1,346,415</u>	<u>1,505,243</u>	<u>15,902</u>	<u>1,521,145</u>	<u>174,730</u>
EXPENDITURES						
Current:						
Culture and recreation	1,346,415	1,436,415	968,820	-	968,820	467,595
Capital outlay	-	-	48,598	-	48,598	-
Total expenditures	<u>1,346,415</u>	<u>1,436,415</u>	<u>1,017,418</u>	<u>-</u>	<u>1,017,418</u>	<u>467,595</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(90,000)</u>	<u>487,825</u>	<u>15,902</u>	<u>503,727</u>	<u>642,325</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>(90,000)</u>	<u>487,825</u>	<u>15,902</u>	<u>503,727</u>	<u>642,325</u>
FUND BALANCE - BEGINNING	<u>1,636,189</u>	<u>1,636,189</u>	<u>1,636,189</u>	<u>-</u>	<u>1,636,189</u>	<u>-</u>
FUND BALANCE - END	<u>\$ 1,636,189</u>	<u>\$ 1,546,189</u>	<u>\$ 2,124,014</u>	<u>\$ 15,902</u>	<u>\$ 2,139,916</u>	<u>\$ 642,325</u>

CITY OF LONGVIEW, TEXAS
MAUDE COBB ACTIVITY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Adjustments to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>				
REVENUE						
Taxes	\$ 873,088	\$ 873,088	\$ 873,088	\$ -	\$ 873,088	\$ -
Charges for services	375,000	375,000	459,198	-	459,198	84,198
Investment earnings	2,000	2,000	2,385	(19)	2,366	366
Miscellaneous revenue	74,700	74,700	6,529	-	6,529	(68,171)
Total revenue	<u>1,324,788</u>	<u>1,324,788</u>	<u>1,341,200</u>	<u>(19)</u>	<u>1,341,181</u>	<u>16,393</u>
EXPENDITURES						
Current:						
Culture and recreation	1,170,945	1,170,945	1,072,776	(2,031)	1,070,745	100,200
Capital outlay	244,522	244,522	265,970	-	265,970	(21,448)
Total expenditures	<u>1,415,467</u>	<u>1,415,467</u>	<u>1,338,746</u>	<u>(2,031)</u>	<u>1,336,715</u>	<u>78,752</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>(90,679)</u>	<u>(90,679)</u>	<u>2,454</u>	<u>2,012</u>	<u>4,466</u>	<u>95,145</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	50,000	50,000	50,000	-	50,000	-
Transfers out	(140,877)	(140,877)	(140,877)	-	(140,877)	-
Total other financing sources (uses)	<u>(90,877)</u>	<u>(90,877)</u>	<u>(90,877)</u>	<u>-</u>	<u>(90,877)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(181,556)</u>	<u>(181,556)</u>	<u>(88,423)</u>	<u>2,012</u>	<u>(86,411)</u>	<u>95,145</u>
FUND BALANCE - BEGINNING	434,144	434,144	434,144	-	434,144	-
FUND BALANCE - END	<u>\$ 252,588</u>	<u>\$ 252,588</u>	<u>\$ 345,721</u>	<u>\$ 2,012</u>	<u>\$ 347,733</u>	<u>\$ 95,145</u>

**CITY OF LONGVIEW, TEXAS
DRAINAGE SALES TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Adjustments to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>				
REVENUE						
Taxes	\$ 5,177,388	\$ 5,177,388	\$ 5,416,286	\$ (16,523)	\$ 5,399,763	\$ 222,375
Investment earnings	3,000	3,000	6,817	104	6,921	3,921
Total revenue	<u>5,180,388</u>	<u>5,180,388</u>	<u>5,423,103</u>	<u>(16,419)</u>	<u>5,406,684</u>	<u>226,296</u>
EXPENDITURES						
Current:						
Public works	2,944,138	2,944,138	2,418,725	(5,795)	2,412,930	531,208
Debt service:						
Principal	6,874	6,874	6,629	-	6,629	245
Interest and other charges	3,373	3,373	3,618	-	3,618	(245)
Capital outlay	-	-	173,955	-	173,955	(173,955)
Total expenditures	<u>2,954,385</u>	<u>2,954,385</u>	<u>2,602,927</u>	<u>(5,795)</u>	<u>2,597,132</u>	<u>357,253</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>2,226,003</u>	<u>2,226,003</u>	<u>2,820,176</u>	<u>(10,624)</u>	<u>2,809,552</u>	<u>583,549</u>
OTHER FINANCING SOURCES (USES)						
Transfers out	(2,640,653)	(2,640,653)	(2,640,653)	-	(2,640,653)	-
Total other financing sources (uses)	<u>(2,640,653)</u>	<u>(2,640,653)</u>	<u>(2,640,653)</u>	<u>-</u>	<u>(2,640,653)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(414,650)	(414,650)	179,523	(10,624)	168,899	583,549
FUND BALANCE - BEGINNING	2,103,057	2,103,057	2,103,057	-	2,103,057	-
FUND BALANCE - END	<u>\$ 1,688,407</u>	<u>\$ 1,688,407</u>	<u>\$ 2,282,580</u>	<u>\$ (10,624)</u>	<u>\$ 2,271,956</u>	<u>\$ 583,549</u>

**CITY OF LONGVIEW, TEXAS
SCHOOL CROSSING GUARD FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Adjustments to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>				
REVENUE						
Charges for services	\$ 24,851	\$ 24,851	\$ 51,331	\$ -	\$ 51,331	\$ 26,480
Investment earnings	-	-	123	-	123	123
Total revenue	<u>24,851</u>	<u>24,851</u>	<u>51,454</u>	<u>-</u>	<u>51,454</u>	<u>26,603</u>
EXPENDITURES						
Current:						
Fines and forfeitures	48,305	48,305	43,806	-	43,806	4,499
Total expenditures	<u>48,305</u>	<u>48,305</u>	<u>43,806</u>	<u>-</u>	<u>43,806</u>	<u>4,499</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>(23,454)</u>	<u>(23,454)</u>	<u>7,648</u>	<u>-</u>	<u>7,648</u>	<u>31,102</u>
NET CHANGE IN FUND BALANCE	<u>(23,454)</u>	<u>(23,454)</u>	<u>7,648</u>	<u>-</u>	<u>7,648</u>	<u>31,102</u>
FUND BALANCE - BEGINNING	<u>28,162</u>	<u>28,162</u>	<u>28,162</u>	<u>-</u>	<u>28,162</u>	<u>-</u>
FUND BALANCE - END	<u>\$ 4,708</u>	<u>\$ 4,708</u>	<u>\$ 35,810</u>	<u>\$ -</u>	<u>\$ 35,810</u>	<u>\$ 31,102</u>

CITY OF LONGVIEW, TEXAS
SPECIAL REVENUE GRANTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	<u>Budgeted Amounts</u>		Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget
	Original	Final				
REVENUE						
Intergovernmental	\$ 1,619,904	\$ 1,619,904	\$ 1,540,346	\$ -	\$ 1,540,346	\$ (79,558)
Total revenue	<u>1,619,904</u>	<u>1,619,904</u>	<u>1,540,346</u>	<u>-</u>	<u>1,540,346</u>	<u>(79,558)</u>
EXPENDITURES						
Current:						
Public safety	357,818	357,818	277,802	(1,145)	276,657	81,161
Public works	287,562	287,562	236,437	-	236,437	51,125
Developmental services	641,046	641,046	443,790	-	443,790	197,256
Public welfare	100,184	100,184	-	-	-	100,184
Culture and recreation	-	-	6,791	-	6,791	(6,791)
Public transit	110,700	110,700	128,200	1,397	129,597	(18,897)
Capital outlay	973,379	973,379	558,535	-	558,535	414,844
Total expenditures	<u>2,470,689</u>	<u>2,470,689</u>	<u>1,651,555</u>	<u>252</u>	<u>1,651,807</u>	<u>818,882</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>(850,785)</u>	<u>(850,785)</u>	<u>(111,209)</u>	<u>(252)</u>	<u>(111,461)</u>	<u>739,324</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	86,615	-	86,615	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>86,615</u>	<u>-</u>	<u>86,615</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(850,785)</u>	<u>(850,785)</u>	<u>(24,594)</u>	<u>(252)</u>	<u>(24,846)</u>	<u>739,324</u>
FUND BALANCE - BEGINNING	<u>193,782</u>	<u>193,782</u>	<u>193,782</u>	<u>-</u>	<u>193,782</u>	<u>-</u>
FUND BALANCE - END	<u>\$ (657,003)</u>	<u>\$ (657,003)</u>	<u>\$ 169,188</u>	<u>\$ (252)</u>	<u>\$ 168,936</u>	<u>\$ 739,324</u>

**CITY OF LONGVIEW, TEXAS
DONATIONS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<u>Budgeted Amounts</u>		Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget
	Original	Final				
REVENUE						
Miscellaneous revenue	\$ 100,000	\$ 100,000	\$ 44,827	\$ -	\$ 44,827	\$ (55,173)
Total revenue	<u>100,000</u>	<u>100,000</u>	<u>44,827</u>	<u>-</u>	<u>44,827</u>	<u>(55,173)</u>
EXPENDITURES						
Current:						
General government	100,000	100,000	20,554	-	20,554	79,446
Public safety			100	-	100	(100)
Culture and recreation	-		5,274		5,274	(5,274)
Capital outlay	-		-	-	-	-
Total expenditures	<u>100,000</u>	<u>100,000</u>	<u>25,928</u>	<u>-</u>	<u>25,928</u>	<u>74,072</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	-	-	18,899	-	18,899	18,899
NET CHANGE IN FUND BALANCE	-	-	18,899	-	18,899	18,899
FUND BALANCE - BEGINNING	5,224	5,224	5,224	-	23,137	-
FUND BALANCE - END	<u>\$ 5,224</u>	<u>\$ 5,224</u>	<u>\$ 24,123</u>	<u>\$ -</u>	<u>\$ 42,036</u>	<u>\$ 18,899</u>

**CITY OF LONGVIEW, TEXAS
FEDERAL MOTOR CARRIER VIOLATIONS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<u>Budgeted Amounts</u>			Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>			
REVENUE						
Fines and forfeitures	\$ 42,000	\$ 42,000	\$ 60,176	\$ -	\$ 60,176	\$ 18,176
Investment earnings	-	-	296	-	296	296
Total revenue	<u>42,000</u>	<u>42,000</u>	<u>60,472</u>	<u>-</u>	<u>60,472</u>	<u>18,472</u>
EXPENDITURES						
Current:						
Public safety	48,974	48,974	20,536	-	20,536	28,438
Capital Outlay			13,844			
Total expenditures	<u>48,974</u>	<u>48,974</u>	<u>34,380</u>	<u>-</u>	<u>20,536</u>	<u>28,438</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>(6,974)</u>	<u>(6,974)</u>	<u>26,092</u>	<u>-</u>	<u>39,936</u>	<u>46,910</u>
NET CHANGE IN FUND BALANCE	(6,974)	(6,974)	26,092	-	39,936	46,910
FUND BALANCE - BEGINNING	56,713	56,713	56,713	-	56,713	-
FUND BALANCE - END	<u>\$ 49,739</u>	<u>\$ 49,739</u>	<u>\$ 82,805</u>	<u>\$ -</u>	<u>\$ 96,649</u>	<u>\$ 46,910</u>

**CITY OF LONGVIEW, TEXAS
TAX INCREMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<u>Budgeted Amounts</u>		Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget
	Original	Final				
REVENUE						
Taxes	\$ -	\$ -	\$ 29,544	\$ -	\$ 29,544	\$ 29,544
Investment earnings	-	-	88	-	88	88
Total revenue	<u>-</u>	<u>-</u>	<u>29,632</u>	<u>-</u>	<u>29,632</u>	<u>29,632</u>
EXPENDITURES						
Current:						
Development Services	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>29,632</u>	<u>-</u>	<u>29,632</u>	<u>29,632</u>
NET CHANGE IN FUND BALANCE	-	-	29,632	-	29,632	29,632
FUND BALANCE - BEGINNING	6,564	6,564	6,564	-	9,333	-
FUND BALANCE - END	<u>\$ 6,564</u>	<u>\$ 6,564</u>	<u>\$ 36,196</u>	<u>\$ -</u>	<u>\$ 38,965</u>	<u>\$ 29,632</u>

**CITY OF LONGVIEW, TEXAS
 PHOTO ENFORCEMENT PROGRAM - REDFLEX FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Adjustments to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>				
REVENUE						
Fines and forfeitures	\$ 360,000	\$ 360,000	\$ 391,535	\$ -	\$ 391,535	\$ 31,535
Investment earnings	-	-	1,282	-	1,282	1,282
Total revenue	<u>360,000</u>	<u>360,000</u>	<u>392,817</u>	<u>-</u>	<u>392,817</u>	<u>32,817</u>
EXPENDITURES						
Current:						
Public safety	22,679	22,679	215,931	-	215,931	(193,252)
Capital Outlay	41,031	41,031	41,031	-	41,031	-
Total expenditures	<u>63,710</u>	<u>63,710</u>	<u>256,962</u>	<u>-</u>	<u>256,962</u>	<u>(193,252)</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	296,290	296,290	135,855	-	135,855	(160,435)
NET CHANGE IN FUND BALANCE	296,290	296,290	135,855	-	135,855	(160,435)
FUND BALANCE - BEGINNING	170,246	170,246	170,246	-	170,246	-
FUND BALANCE - END	<u>\$ 466,536</u>	<u>\$ 466,536</u>	<u>\$ 306,101</u>	<u>\$ -</u>	<u>\$ 306,101</u>	<u>\$ (160,435)</u>

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INTERNAL SERVICE FUNDS

General Liability Fund - To account for the City's charges to various funds for general liability coverage and payment of premiums for coverage.

Group Health Fund - To account for the City's self-insured group health and dental plans. This fund is utilized to track the premiums, claims, and administrative expenses of the plans.

Workers Compensation Fund - To account for the City's charges to other funds for workers compensation coverage and payment of premiums for insurance coverage.

GIS Services Fund - To account for the activities of the City's geographic information system department which is responsible for creating and maintaining an intricate mapping system of the City.

Fleet Services Fund - To account for the activities of the City's fleet management garage which is responsible for maintaining the City's vehicle fleet.

Vehicle Replacement Fund - To account for the City's charges to various funds for the purchase of vehicles. This fund is utilized to maintain an inventory of vehicles for use by City departments.

Cable Franchise Fee Agreement - To account for one Community Relations Specialist position (governmental cable television access production and programming, including inter-connectivity with the City's web-site). This special revenue is provided under franchise agreement with Longview Cable Television Co., Inc.

CITY OF LONGVIEW, TEXAS

COMBINING STATEMENT OF NET POSITION

INTERNAL SERVICE FUNDS

SEPTEMBER 30, 2014

	<u>General Liability</u>	<u>Group Health</u>	<u>Workers' Compensation</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 851,852	\$ 2,073,492	\$ 546,076
Investments	-	1,674,845	-
Accounts receivable, net	-	302,188	-
Inventories	-	-	-
Accrued interest	-	942	-
Total current assets	<u>851,852</u>	<u>4,051,467</u>	<u>546,076</u>
Non-current assets:			
Capital assets:			
Buildings	-	-	-
Machinery and equipment	19,349	-	-
Less accumulated depreciation	<u>(14,150)</u>	<u>-</u>	<u>-</u>
Total non-current assets	<u>5,199</u>	<u>-</u>	<u>-</u>
Total assets	<u>857,051</u>	<u>4,051,467</u>	<u>546,076</u>
LIABILITIES			
Current liabilities:			
Accounts payable	5,078	67,102	431
Accrued liabilities	7,358	722	-
Claims and judgments	139,000	650,669	81,882
Compensated absences	2,854	-	-
Capital lease obligation	-	-	-
Total current liabilities	<u>154,290</u>	<u>718,493</u>	<u>82,313</u>
Non-current liabilities:			
Compensated absences	16,176	-	-
Capital lease obligation	-	-	-
Other post-employment benefits	<u>9,885</u>	<u>-</u>	<u>-</u>
Total non-current liabilities	<u>26,061</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>180,351</u>	<u>718,493</u>	<u>82,313</u>
NET POSITION			
Invested in capital assets, net of related debt	5,199	-	-
Unrestricted	<u>671,501</u>	<u>3,332,974</u>	<u>463,763</u>
Total net position	<u>\$ 676,700</u>	<u>\$ 3,332,974</u>	<u>\$ 463,763</u>

<u>GIS Services</u>	<u>Fleet Services</u>	<u>Vehicle Replacement</u>	<u>Cable Franchise Fee Agreement</u>	<u>Total</u>
\$ 142,362	\$ 386,416	\$ 1,711,655	\$ 74,127	\$ 5,785,980
-	-	1,005,722	-	2,680,567
-	-	-	-	302,188
-	161,948	-	-	161,948
-	-	393	-	1,335
<u>142,362</u>	<u>548,364</u>	<u>2,717,770</u>	<u>74,127</u>	<u>8,932,018</u>
16,573	390,123	-	-	406,696
219,254	183,378	15,060,835	48,543	15,531,359
<u>(187,736)</u>	<u>(507,195)</u>	<u>(10,617,778)</u>	<u>(15,354)</u>	<u>(11,342,213)</u>
<u>48,091</u>	<u>66,306</u>	<u>4,443,057</u>	<u>33,189</u>	<u>4,595,842</u>
<u>190,453</u>	<u>614,670</u>	<u>7,160,827</u>	<u>107,316</u>	<u>13,527,860</u>
21,680	53,738	-	1,996	150,025
8,791	15,969	-	3,841	36,681
-	-	-	-	871,551
3,221	10,371	-	1,215	17,661
-	2,022	-	-	2,022
<u>33,692</u>	<u>82,100</u>	<u>-</u>	<u>7,052</u>	<u>1,077,940</u>
18,252	58,772	-	6,889	100,089
-	22,796	-	-	22,796
45,811	59,250	-	1,061	116,007
<u>64,063</u>	<u>140,818</u>	<u>-</u>	<u>7,950</u>	<u>238,892</u>
<u>97,755</u>	<u>222,918</u>	<u>-</u>	<u>15,002</u>	<u>1,316,832</u>
48,091	41,488	4,443,057	33,189	4,571,024
<u>44,607</u>	<u>350,264</u>	<u>2,717,770</u>	<u>59,125</u>	<u>7,640,004</u>
<u>\$ 92,698</u>	<u>\$ 391,752</u>	<u>\$ 7,160,827</u>	<u>\$ 92,314</u>	<u>\$ 12,211,028</u>

CITY OF LONGVIEW, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	<u>General Liability</u>	<u>Group Health</u>	<u>Workers' Compensation</u>
OPERATING REVENUES			
Premiums	\$ 248,961	\$ 8,336,486	\$ 268,030
Vehicle revenue	-	-	-
GIS revenue	-	-	-
Cable Fees	-	-	-
Miscellaneous	-	33,701	-
Total operating revenues	<u>248,961</u>	<u>8,370,187</u>	<u>268,030</u>
OPERATING EXPENSES			
Personnel services	202,441	23,185	-
Supplies	10,274	25,688	-
Maintenance	2,407	2,733	-
Contractual services	110,036	572,013	8,704
Employee benefits	80,519	637	-
Claims and premiums, net of reimbursements	403,444	7,836,168	396,401
Depreciation	1,300	-	-
Total operating expenses	<u>810,421</u>	<u>8,460,424</u>	<u>405,105</u>
OPERATING INCOME (LOSS)	(561,460)	(90,237)	(137,075)
NON-OPERATING REVENUES (EXPENSES)			
Interest and investment revenue	4,413	19,953	2,043
Gain (loss) on sale of fixed assets	-	-	-
Interest expense	-	-	-
Miscellaneous	-	-	-
Total non-operating revenue (expenses)	<u>4,413</u>	<u>19,953</u>	<u>2,043</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(557,047)	(70,284)	(135,032)
SPECIAL ITEM			
Change in accounting estimate	<u>30,741</u>	-	<u>13,921</u>
CHANGE IN NET POSITION	(526,306)	(70,284)	(121,111)
TOTAL NET POSITION, BEGINNING	<u>1,203,006</u>	<u>3,403,258</u>	<u>584,874</u>
TOTAL NET POSITION, ENDING	<u>\$ 676,700</u>	<u>\$ 3,332,974</u>	<u>\$ 463,763</u>

<u>GIS Services</u>	<u>Fleet Services</u>	<u>Vehicle Replacement</u>	<u>Cable Franchise Fee Agreement</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ 8,853,477
-	1,982,810	1,726,168	-	3,708,978
645,646	-	-	-	645,646
-	-	-	243,970	243,970
-	-	-	-	33,701
<u>645,646</u>	<u>1,982,810</u>	<u>1,726,168</u>	<u>243,970</u>	<u>13,485,772</u>
291,611	458,880	-	102,883	1,079,000
20,632	1,229,342	-	14,552	1,300,488
998	13,406	12,987	1,497	34,028
201,307	56,133	5,721	50,381	1,004,295
112,581	189,564	-	34,976	418,277
-	-	-	-	8,636,013
4,826	12,744	1,292,775	7,011	1,318,656
<u>631,955</u>	<u>1,960,069</u>	<u>1,311,483</u>	<u>211,300</u>	<u>13,790,757</u>
13,691	22,741	414,685	32,670	(304,985)
757	1,522	12,327	239	41,254
-	-	75,550	-	75,550
-	(917)	-	-	(917)
-	34,415	36,005	-	70,420
<u>757</u>	<u>35,020</u>	<u>123,882</u>	<u>239</u>	<u>186,307</u>
14,448	57,761	538,567	32,909	(118,678)
-	-	-	-	44,662
14,448	57,761	538,567	32,909	(74,016)
<u>78,250</u>	<u>333,991</u>	<u>6,622,260</u>	<u>59,405</u>	<u>12,285,044</u>
<u>\$ 92,698</u>	<u>\$ 391,752</u>	<u>\$ 7,160,827</u>	<u>\$ 92,314</u>	<u>\$ 12,211,028</u>

CITY OF LONGVIEW, TEXAS

COMBINING STATEMENT OF CASH FLOWS

INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	<u>General Liability</u>	<u>Group Health</u>	<u>Workers' Compensation</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from City departments	\$ -	\$ -	\$ -
Cash received from premiums/contributions	248,961	8,115,288	268,030
Cash received - miscellaneous	-	-	-
Cash payments for claims and premiums	(343,427)	(7,877,380)	(400,296)
Cash payments for goods and services	(66,297)	(617,052)	(20,456)
Cash payments to employees/retirees	<u>(268,970)</u>	<u>(23,652)</u>	<u>(152,722)</u>
Net cash provided (used) by operating activities	(429,733)	(402,796)	(152,722)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds for sale of assets	-	-	-
Acquisition and construction of capital assets	(6,499)	-	-
Principal payments on long term debt	-	-	-
Interest and fiscal charges	<u>-</u>	<u>-</u>	<u>-</u>
Net cash used by capital and related financing activities	(6,499)	-	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales and maturities of investments	120,679	-	-
Purchase of investments	-	(1,160,175)	-
Interest on investments	4,470	19,255	2,043
Net cash provided by investing activities	<u>125,149</u>	<u>(1,140,920)</u>	<u>2,043</u>
NET INCREASE (DECREASE) IN CASH	(311,083)	(1,543,716)	(150,679)
CASH AND CASH EQUIVALENTS, BEGINNING	<u>1,162,935</u>	<u>3,617,208</u>	<u>696,755</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 851,852</u>	<u>\$ 2,073,492</u>	<u>\$ 546,076</u>

<u>GIS Services</u>	<u>Fleet Services</u>	<u>Vehicle Replacement</u>	<u>Cable Franchise</u>	<u>Total</u>
\$ 645,645	\$ 2,013,149	\$ 1,726,168	\$ 243,970	\$ 4,628,932
-	-	-	-	8,632,279
-	-	36,005	-	36,005
-	-	-	-	(8,621,103)
(218,567)	(1,314,628)	(18,708)	(81,263)	(2,336,971)
<u>(392,113)</u>	<u>(641,568)</u>	<u>-</u>	<u>(136,494)</u>	<u>(1,462,797)</u>
34,965	56,953	1,743,465	26,213	876,345
-	-	76,283	-	76,283
(38,534)	(5,976)	(1,113,542)	-	(1,164,551)
-	(2,022)	-	-	(2,022)
<u>-</u>	<u>(917)</u>	<u>-</u>	<u>-</u>	<u>(917)</u>
(38,534)	(8,915)	(1,037,259)	-	(1,091,207)
-	-	-	-	120,679
-	-	(695,265)	-	(1,855,440)
<u>757</u>	<u>1,522</u>	<u>12,081</u>	<u>239</u>	<u>40,367</u>
757	1,522	(683,184)	239	(1,694,394)
(2,812)	49,560	23,022	26,452	(1,909,256)
<u>145,174</u>	<u>336,856</u>	<u>1,688,633</u>	<u>47,675</u>	<u>7,695,236</u>
<u>\$ 142,362</u>	<u>\$ 386,416</u>	<u>\$ 1,711,655</u>	<u>\$ 74,127</u>	<u>\$ 5,785,980</u>

(Continued)

CITY OF LONGVIEW, TEXAS

COMBINING STATEMENT OF CASH FLOWS

INTERNAL SERVICE FUNDS

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	<u>General Liability</u>	<u>Group Health</u>	<u>Workers' Compensation</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income (loss)	\$ (561,460)	\$ (90,237)	\$ (137,075)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:			
Depreciation	1,300	-	-
Miscellaneous non-operating revenue	-	-	-
Change in assets and liabilities:			
Decrease (increase) in assets:			
Prepaid expense	-	-	-
Accounts receivable	-	(254,900)	-
Increase (decrease) in liabilities:			
Accounts payable	(22,564)	6,745	(15,647)
Accrued liabilities	3,182	172	-
Claims payable	139,000	(64,576)	-
Compensated absences payable	10,581	-	-
Other post employment benefits	228	-	-
Total adjustments	<u>131,727</u>	<u>(312,559)</u>	<u>(15,647)</u>
Net cash provided (used) by operating activities	<u>\$ (429,733)</u>	<u>\$ (402,796)</u>	<u>\$ (152,722)</u>

<u>GIS Services</u>	<u>Fleet Services</u>	<u>Vehicle Replacement</u>	<u>Cable Franchise</u>	<u>Total</u>
\$ 13,691	\$ 57,156	\$ 414,685	\$ 32,670	\$ (270,570)
4,826	12,744	1,292,775	7,011	1,318,656
-	-	36,005	-	36,005
-	(4,075)	-	-	(4,075)
-	-	-	-	(254,900)
4,371	(15,672)	-	(14,835)	(57,602)
799	3,581	-	1,371	9,105
-	-	-	-	74,424
4,492	(2,256)	-	(306)	12,511
6,786	5,475	-	302	12,791
<u>21,274</u>	<u>(203)</u>	<u>1,328,780</u>	<u>(6,457)</u>	<u>1,146,915</u>
<u>\$ 34,965</u>	<u>\$ 56,953</u>	<u>\$ 1,743,465</u>	<u>\$ 26,213</u>	<u>\$ 876,345</u>

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STATISTICAL SECTION (UNAUDITED)

This portion of the City of Longview, Texas' comprehensive annual financial report presents multiple years of data to provide a historical perspective for understanding the information available in the financial statements, note disclosures, and required supplementary information and for assessing the City's overall financial health.

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	107
Revenue Capacity These schedules contain trend information to help the reader assess the City's most significant local revenue resource.	115
Debt Capacity These schedules contain trend information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	119
Economic and Demographic Indicators These schedules contain economic and demographic information to help the reader understand the environment within which the City's financial activities take place.	124
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report related to the services and activities performed by the City.	127

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TABLE 1

CITY OF LONGVIEW, TEXAS

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities:										
Invested in capital assets, net of related debt	\$ 18,331,455	\$ 16,429,990	\$ 39,130,985	\$ 51,234,856	\$ 51,131,067	\$ 50,526,891	\$ 51,682,767	\$ 53,447,645	\$ 57,302,882	\$ 54,393,324
Restricted	16,594,089	8,648,244	26,520,556	2,285,330	2,415,255	3,025,079	6,762,094	9,286,870	7,635,957	11,391,150
Unrestricted	<u>21,912,175</u>	<u>39,708,533</u>	<u>4,249,027</u>	<u>18,699,690</u>	<u>20,121,625</u>	<u>22,702,632</u>	<u>22,534,886</u>	<u>19,416,012</u>	<u>21,454,125</u>	<u>19,216,830</u>
Total governmental activities net position	<u>\$ 56,837,719</u>	<u>\$ 64,786,767</u>	<u>\$ 69,900,568</u>	<u>\$ 72,219,876</u>	<u>\$ 73,667,947</u>	<u>\$ 76,254,602</u>	<u>\$ 80,979,747</u>	<u>\$ 82,150,527</u>	<u>\$ 86,392,964</u>	<u>\$ 85,001,304</u>
Business-type activities:										
Invested in capital assets, net of related debt	\$ 43,541,845	\$ 41,806,901	\$ 48,251,955	\$ 44,909,638	\$ 44,187,739	\$ 41,554,130	\$ 40,333,213	\$ 39,397,519	\$ 39,074,801	\$ 44,463,455
Restricted	7,806,590	9,166,915	18,387,798	9,374,956	9,512,913	9,945,196	9,709,561	9,585,508	9,584,155	9,614,389
Unrestricted	<u>20,672,864</u>	<u>19,782,247</u>	<u>5,341,065</u>	<u>16,062,001</u>	<u>14,360,944</u>	<u>13,260,494</u>	<u>16,980,547</u>	<u>20,042,784</u>	<u>25,341,219</u>	<u>21,604,043</u>
Total business-type activities net position	<u>\$ 72,021,299</u>	<u>\$ 70,756,063</u>	<u>\$ 71,980,818</u>	<u>\$ 70,346,595</u>	<u>\$ 68,061,596</u>	<u>\$ 64,759,820</u>	<u>\$ 67,023,321</u>	<u>\$ 69,025,811</u>	<u>\$ 74,000,175</u>	<u>\$ 75,681,887</u>
Primary government:										
Invested in capital assets, net of related debt	61,873,300	58,236,891	87,382,940	96,144,494	95,318,806	92,081,021	92,015,980	92,845,164	96,377,683	98,856,779
Restricted	24,400,679	17,815,159	44,908,354	11,660,286	11,928,168	12,970,275	16,471,655	18,872,378	17,220,112	21,005,539
Unrestricted	<u>42,585,039</u>	<u>59,490,780</u>	<u>9,590,092</u>	<u>34,761,691</u>	<u>34,482,569</u>	<u>35,963,126</u>	<u>39,515,433</u>	<u>39,458,796</u>	<u>46,795,344</u>	<u>40,820,873</u>
Total primary government net position	<u>128,859,018</u>	<u>135,542,830</u>	<u>141,881,386</u>	<u>142,566,471</u>	<u>141,729,543</u>	<u>141,014,422</u>	<u>148,003,068</u>	<u>151,176,338</u>	<u>160,393,139</u>	<u>160,683,191</u>

Sources: City of Longview Finance Department

CITY OF LONGVIEW, TEXAS

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

	2005	2006	2007	2008
EXPENSES				
Governmental activities:				
General government	\$ 5,596,388	\$ 6,072,058	\$ 5,866,548	\$ 4,708,108
Public safety	28,599,429	30,954,625	31,458,698	36,122,785
Public works	9,627,021	6,690,824	10,378,876	10,741,787
Developmental services	2,134,167	2,744,376	2,830,925	3,911,298
Culture and recreation	6,653,171	6,384,926	6,716,245	8,853,686
Public transit	1,399,305	1,479,733	1,604,858	1,788,654
Public welfare	5,558,072	6,253,531	5,098,096	6,083,443
Arts and culture	537,825	763,948	724,881	110,828
Interest and fiscal charges	1,948,090	2,060,118	2,146,908	2,265,612
Total governmental activities expenses	<u>62,053,468</u>	<u>63,404,139</u>	<u>66,826,035</u>	<u>74,586,201</u>
Business-type activities:				
Water utilities	25,189,692	27,044,288	26,634,188	28,459,810
Sanitation	3,397,459	3,690,267	3,577,080	4,117,830
Nonmajor funds - Longview Recreation Association	545,897	461,520	483,389	521,971
Total business-type activities expenses	<u>29,133,048</u>	<u>31,196,075</u>	<u>30,694,657</u>	<u>33,099,611</u>
Total primary government program expenses	<u>\$ 91,186,516</u>	<u>\$ 94,600,214</u>	<u>\$ 97,520,692</u>	<u>\$ 107,685,812</u>
Component unit:				
Longview Economic Development Corporation	\$ 4,104,500	\$ 4,959,868	\$ 2,990,866	\$ 2,504,493
Total component unit	<u>\$ 4,104,500</u>	<u>\$ 4,959,868</u>	<u>\$ 2,990,866</u>	<u>\$ 2,504,493</u>
PROGRAM REVENUES				
Governmental activities:				
Charges for services:				
General government	\$ 220,467	\$ 1,821,712	\$ 2,070,727	\$ 2,465,835
Public safety	4,432,935	3,088,404	3,215,011	3,677,262
Public works	-	-	-	-
Developmental services	1,090,372	1,745,944	1,349,396	1,301,989
Culture and recreation	356,648	164,458	697,135	700,742
Public transit	-	-	-	-
Public welfare	23,430	41,375	36,399	28,459
Operating grants and contributions	7,650,016	8,452,958	8,699,604	8,427,419
Capital grants and contributions	498,829	313,385	1,226,470	774,938
Total governmental activities program revenues	<u>14,272,697</u>	<u>15,628,236</u>	<u>17,294,742</u>	<u>17,376,644</u>
Business-type activities:				
Charges for services:				
Water utilities	25,019,840	26,110,235	25,532,292	27,179,895
Sanitation	3,814,359	3,879,969	4,048,155	4,240,543
Operating grants and contributions	-	-	-	207,172
Nonmajor funds - Longview Recreation Association	518,995	523,880	510,695	561,158
Total business-type activities program revenues	<u>29,353,194</u>	<u>30,514,084</u>	<u>30,091,142</u>	<u>32,188,768</u>
Total primary government program revenues	<u>\$ 43,625,891</u>	<u>\$ 46,142,320</u>	<u>\$ 47,385,884</u>	<u>\$ 49,565,412</u>
Component unit:				
Longview Economic Development Corporation	\$ 191,250	\$ 254,931	\$ 97,098	\$ 224,416
Total component unit	<u>\$ 191,250</u>	<u>\$ 254,931</u>	<u>\$ 97,098</u>	<u>\$ 224,416</u>

(continued)

TABLE 2

2009	2010	2011	2012	2013	2014
\$ 5,256,629	\$ 5,543,250	\$ 5,192,734	\$ 3,224,548	\$ 3,825,493	\$ 3,370,092
38,920,999	38,313,379	38,627,890	39,454,022	39,463,863	42,142,436
10,652,928	10,159,012	10,191,221	11,097,787	11,430,457	10,733,392
3,251,860	3,214,619	3,481,048	3,194,264	2,645,444	2,779,375
10,969,680	10,659,666	8,708,583	11,774,530	12,010,715	12,585,476
1,495,264	2,324,776	1,520,519	2,110,537	2,341,016	2,482,593
6,764,496	6,792,308	9,673,465	7,020,452	7,178,751	6,633,691
<u>2,585,889</u>	<u>2,600,824</u>	<u>2,289,521</u>	<u>2,695,573</u>	<u>2,457,093</u>	<u>3,323,942</u>
<u>79,897,745</u>	<u>79,607,834</u>	<u>79,684,981</u>	<u>80,571,713</u>	<u>81,352,832</u>	<u>84,050,997</u>
28,930,376	28,607,186	27,971,548	30,054,555	30,245,272	30,405,509
3,956,751	3,826,428	4,264,198	4,781,169	4,881,272	5,222,130
468,459	674,814	738,962	758,580	697,719	767,919
<u>33,355,586</u>	<u>33,108,428</u>	<u>32,974,708</u>	<u>35,594,304</u>	<u>35,824,263</u>	<u>36,395,558</u>
<u>\$ 113,253,331</u>	<u>\$ 112,716,262</u>	<u>\$ 112,659,689</u>	<u>\$ 116,166,017</u>	<u>\$ 117,177,095</u>	<u>\$ 120,446,555</u>
<u>\$ 3,924,045</u>	<u>\$ 2,370,388</u>	<u>\$ 4,490,214</u>	<u>\$ 3,960,040</u>	<u>\$ 6,973,612</u>	<u>\$ 6,004,799</u>
<u>\$ 3,924,045</u>	<u>\$ 2,370,388</u>	<u>\$ 4,490,214</u>	<u>\$ 3,960,040</u>	<u>\$ 6,973,612</u>	<u>\$ 6,004,799</u>
\$ 435,850	\$ 428,146	\$ 71,172	\$ 93,667	\$ 82,127	\$ 87,507
6,304,084	6,939,023	6,518,457	7,574,304	7,587,266	7,962,114
-	-	-	-	-	-
759,251	931,644	781,783	1,007,281	1,151,373	1,076,074
123,422	99,511	575,771	658,334	690,640	783,514
-	136,655	168,359	381,502	432,345	348,037
171,546	164,556	160,861	162,078	161,673	163,467
9,288,470	9,221,403	9,476,691	9,305,395	8,588,290	9,452,460
1,031,458	2,089,708	3,102,336	510,059	1,518,166	1,397,447
<u>18,114,081</u>	<u>20,010,646</u>	<u>20,855,430</u>	<u>19,692,620</u>	<u>20,211,880</u>	<u>21,270,620</u>
26,331,157	26,420,522	32,288,707	31,805,126	34,758,190	32,637,964
4,495,352	4,705,396	4,803,324	4,922,633	4,990,505	5,019,873
82,716	-	-	-	-	-
<u>516,957</u>	<u>602,889</u>	<u>714,995</u>	<u>700,378</u>	<u>708,131</u>	<u>646,023</u>
<u>31,426,182</u>	<u>31,728,807</u>	<u>37,807,026</u>	<u>37,428,137</u>	<u>40,456,826</u>	<u>38,303,860</u>
<u>\$ 49,540,263</u>	<u>\$ 51,739,453</u>	<u>\$ 58,662,456</u>	<u>\$ 57,120,757</u>	<u>\$ 60,668,706</u>	<u>\$ 59,574,480</u>
<u>\$ 524,351</u>	<u>\$ 1,549,584</u>	<u>\$ 943,950</u>	<u>\$ 923,083</u>	<u>\$ 1,009,710</u>	<u>\$ 578,749</u>
<u>\$ 524,351</u>	<u>\$ 1,549,584</u>	<u>\$ 943,950</u>	<u>\$ 923,083</u>	<u>\$ 1,009,710</u>	<u>\$ 578,749</u>

CITY OF LONGVIEW, TEXAS

CHANGES IN NET POSITION (Continued) LAST TEN FISCAL YEARS

	2005	2006	2007	2008
NET (EXPENSE) REVENUES				
Governmental activities	\$(47,780,771)	\$(47,775,903)	\$(49,531,293)	\$(57,209,557)
Business-type activities	<u>220,146</u>	<u>(681,991)</u>	<u>(603,515)</u>	<u>(910,843)</u>
Total primary government net expense	<u>\$(47,560,625)</u>	<u>\$(48,457,894)</u>	<u>\$(50,134,808)</u>	<u>\$(58,120,400)</u>
Comonent unit:				
Longview Economic Development Corporation	<u>\$(3,913,250)</u>	<u>\$(4,704,937)</u>	<u>\$(2,893,768)</u>	<u>\$(2,280,077)</u>
Total component unit	<u>\$(3,913,250)</u>	<u>\$(4,704,937)</u>	<u>\$(2,893,768)</u>	<u>\$(2,280,077)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION				
Governmental activities:				
Taxes				
Property	\$ 18,778,484	\$ 19,951,302	\$ 21,198,592	\$ 22,703,305
Franchise	5,187,723	4,643,213	5,352,814	5,102,319
Sales	18,227,952	20,855,105	22,210,092	23,423,732
Other	2,177,226	1,557,841	2,505,697	2,748,784
Interest	715,616	2,157,508	2,382,476	1,609,669
Miscellaneous	-	-	-	1,924,964
Gain (loss) on disposition of assets	-	8,615	60,404	176,720
Transfers	1,198,170	1,845,195	1,956,123	1,989,968
Other	1,535,494	1,566,970	1,550,249	-
Special items:				
Total governmental activities	<u>47,820,665</u>	<u>52,585,749</u>	<u>57,216,447</u>	<u>59,679,461</u>
Business-type activities:				
Interest	664,707	1,217,691	1,465,065	1,270,297
Gain (loss) on disposition of assets	-	-	-	(3,709)
Transfers	(1,198,170)	(1,800,936)	(1,956,123)	(1,989,968)
Other	<u>132,079</u>	<u>-</u>	<u>(63,400)</u>	<u>-</u>
Total business-type activities	<u>(401,384)</u>	<u>(583,245)</u>	<u>(554,458)</u>	<u>(723,380)</u>
Total primary government	<u>\$ 47,419,281</u>	<u>\$ 52,002,504</u>	<u>\$ 56,661,989</u>	<u>\$ 58,956,081</u>
Component unit:				
Sales taxes	3,603,773	4,168,450	4,444,590	4,684,746
Interest	122,091	265,327	338,827	198,768
Miscellaneous	-	-	-	17,923
Reappropriated funds				
Gain (loss) on disposition of assets	-	17,782	239,053	-
Other	<u>10,994</u>	<u>-</u>	<u>47,067</u>	<u>-</u>
Total component unit	<u>\$ 3,736,858</u>	<u>\$ 4,451,559</u>	<u>\$ 5,069,537</u>	<u>\$ 4,901,437</u>
CHANGE IN NET POSITION				
Governmental activities	\$ 39,894	\$ 4,809,845	\$ 7,685,154	\$ 2,469,904
Business-type activities	<u>(181,238)</u>	<u>(1,265,236)</u>	<u>(1,157,973)</u>	<u>(1,634,223)</u>
Total primary government	<u>\$(141,344)</u>	<u>\$ 3,544,609</u>	<u>\$ 6,527,181</u>	<u>\$ 835,681</u>

Sources: City of Longview Finance Department

TABLE 2

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ (61,783,664)	\$ (59,597,188)	\$ (58,829,551)	\$ (60,879,093)	\$ (61,140,952)	\$ (62,780,377)
(1,929,404)	(1,379,621)	4,832,318	1,833,833	4,632,563	1,908,302
\$ (63,713,068)	\$ (60,976,809)	\$ (53,997,233)	\$ (59,045,260)	\$ (56,508,389)	\$ (60,872,075)
\$ (3,399,694)	\$ (820,804)	\$ (3,546,264)	\$ (3,036,957)	\$ (5,963,902)	\$ (5,426,050)
\$ (3,399,694)	\$ (820,804)	\$ (3,546,264)	\$ (3,036,957)	\$ (5,963,902)	\$ (5,426,050)
\$ 24,876,171	\$ 26,076,326	\$ 24,878,943	\$ 26,463,213	\$ 27,074,366	\$ 27,235,966
5,555,973	5,673,335	5,891,397	5,316,765	5,562,605	5,859,967
23,894,746	23,155,083	25,605,652	24,922,597	26,398,630	27,081,436
1,708,834	1,629,808	1,675,448	2,201,424	2,307,403	2,331,543
794,468	257,225	257,970	235,883	271,565	392,452
1,923,797	2,164,371	2,562,942	820,760	1,810,133	917,424
144,708	79,463	293,517	(99,144)	30,525	14,705
2,515,045	2,439,902	2,346,927			
			1,733,971	1,743,330	1,503,063
					(3,714,105)
<u>61,413,742</u>	<u>61,475,513</u>	<u>63,512,796</u>	<u>61,595,469</u>	<u>65,198,557</u>	<u>61,622,451</u>
888,340	172,081	130,876	113,934	114,948	157,225
	97,102	5,955	-	2,650	5,031
(2,515,045)	(2,439,902)	(2,346,927)			
	85,806		54,723	224,203	1,228
<u>(1,626,705)</u>	<u>(2,084,913)</u>	<u>(2,210,096)</u>	<u>168,657</u>	<u>341,801</u>	<u>163,484</u>
\$ <u>59,787,037</u>	\$ <u>59,390,600</u>	\$ <u>61,302,700</u>	\$ <u>61,764,126</u>	\$ <u>65,540,358</u>	\$ <u>61,785,935</u>
4,778,948	4,630,827	5,121,318	4,984,518	5,279,726	5,416,286
35,538	23,065	61,560	96,308	101,883	92,599
109,273	16,226	13,037	22,195	57,370	67,190
5,873	(3,452)		99,895	-	472,614
-	-	-	-	(516,803)	
\$ <u>4,929,632</u>	\$ <u>4,666,666</u>	\$ <u>5,195,915</u>	\$ <u>5,202,916</u>	\$ <u>4,922,176</u>	\$ <u>6,048,689</u>
\$ (369,922)	\$ 1,878,325	\$ 4,683,245	\$ 716,376	\$ 4,057,605	\$ (1,157,926)
(3,556,109)	(3,464,534)	2,622,222	2,002,490	4,974,364	2,071,786
\$ (3,926,031)	\$ (1,586,209)	\$ 7,305,467	\$ 2,718,866	\$ 9,031,969	\$ 913,860

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TABLE 3

CITY OF LONGVIEW, TEXAS

FUND BALANCES
GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General fund										
Reserved	\$ 175,641	\$ 334,465	\$ 942,735	\$ 1,303,835	\$ 606,186	\$ 131,091	\$ -	\$ -		
Unreserved	18,817,362	17,074,060	14,967,077	14,366,291	14,675,839	16,992,517	-	-		
Nonspendable							155,600	141,623	101,242	181,214
Restricted							71,183	75,884	55,046	61,289
Committed							-	-		
Assigned							3,805,751	4,692,239	7,288,899	7,053,130
Unassigned							17,415,534	14,659,946	15,938,054	13,544,589
Total general fund	\$ 18,993,003	\$ 17,408,525	\$ 15,909,812	\$ 15,670,126	\$ 15,282,025	\$ 17,123,608	\$ 21,448,068	\$ 19,569,692	\$ 23,383,241	\$ 20,840,222
All other governmental funds										
Reserved	\$ 17,187,849	\$ 17,973,428	\$ 26,789,843	\$ 17,430,753	\$ 11,565,277	\$ 7,029,215	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Capital Projects					8,078,271	5,658,710	-	-	-	-
Special revenue funds	3,949,014	4,067,275	5,144,028	5,559,614	4,011,235	4,653,079	-	-	-	-
Nonspendable							-	-	-	-
Restricted							30,159,407	28,326,422	4,115,888	5,268,301
Committed							4,153,961	3,702,598	2,103,057	2,282,581
Assigned							50,000	-	-	-
Unassigned							(316,480)	(201,248)	(153,269)	(108,269)
Total all other governmental funds	\$ 21,136,863	\$ 22,040,703	\$ 31,933,871	\$ 22,990,367	\$ 23,654,783	\$ 17,341,004	\$ 34,046,888	\$ 31,827,772	\$ 6,065,676	\$ 7,442,613

Sources: City of Longview Finance Department

CITY OF LONGVIEW, TEXAS

CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
REVENUES										
Taxes	\$ 44,455,498	\$ 47,570,415	\$ 51,151,530	\$ 54,242,619	\$ 55,791,115	\$ 56,169,174	\$ 58,463,767	\$ 58,936,599	\$ 61,371,121	\$ 62,485,487
Licenses and permits	1,367,731	1,355,532	1,426,042	1,379,603	1,041,044	1,165,887	1,014,188	1,272,516	1,404,451	1,321,450
Fines and forfeitures	2,066,680	1,962,978	2,174,181	2,225,890	2,185,603	2,449,613	2,771,417	3,309,089	3,530,271	3,500,988
Charges for services	2,293,720	3,400,543	3,566,134	3,993,768	4,403,744	4,809,119	4,767,098	5,093,076	5,323,460	5,317,503
Intergovernmental	8,544,566	8,450,419	10,387,272	10,396,979	10,319,928	11,311,111	12,579,027	9,815,454	10,106,457	10,849,907
Investment income	619,368	2,157,508	2,382,476	1,609,669	778,702	231,266	208,071	211,732	243,056	351,198
Contractual fees	900,000	900,000	900,000	1,100,000	1,158,000	1,166,320	1,724,972	1,733,971	1,743,330	1,503,063
Miscellaneous	500,971	640,928	384,797	915,092	765,797	988,656	1,106,831	812,143	745,711	780,773
Total revenues	60,748,534	66,438,323	72,372,432	75,863,620	76,443,933	78,291,146	82,635,371	81,184,580	84,467,857	86,110,369
EXPENDITURES										
General government	5,551,177	5,552,308	5,783,900	4,538,139	5,045,923	5,343,613	5,075,012	2,973,445	3,418,541	3,007,509
Public safety	25,964,364	27,883,621	30,336,154	34,296,990	35,684,092	36,184,465	36,396,690	36,515,537	36,710,992	39,442,504
Public works	5,162,280	5,090,174	5,874,124	6,045,967	6,384,244	6,009,023	6,105,838	6,900,308	7,782,228	7,462,934
Culture and recreation	5,237,992	5,769,439	6,293,196	8,312,921	8,893,765	8,110,382	8,671,942	8,949,232	9,091,496	9,601,739
Developmental services	2,288,998	2,468,446	2,867,298	3,901,766	3,171,102	3,171,665	3,476,516	3,201,941	2,618,860	2,719,098
Public welfare	5,633,209	6,014,640	5,165,454	6,073,466	6,672,434	6,719,784	6,949,009	6,868,627	6,985,537	6,409,229
Public transit	1,264,534	1,349,149	1,420,489	1,580,378	1,391,198	2,122,742	1,222,924	1,834,871	2,035,601	2,152,887
Arts and culture	537,825	634,008	619,248							
Capital outlay	5,804,225	7,748,041	15,720,346	15,253,541	20,272,572	9,628,842	9,677,027	9,685,498	15,027,252	15,613,833
Debt service:										
Principal	4,476,769	4,953,629	5,293,592	5,499,659	5,546,307	5,583,952	5,304,445	5,897,682	5,023,213	4,934,075
Interest and fiscal charges	1,746,256	2,012,461	1,790,967	2,153,682	2,634,963	2,397,814	2,455,848	2,498,075	2,441,226	3,193,385
Bond issue expenses	413,146	-	-	-	-	-	-	-	-	-
Total expenditures	64,080,775	69,475,916	81,164,768	87,656,509	95,696,600	85,272,282	85,335,251	85,325,216	91,134,946	94,537,193

(continued)

TABLE 4

CITY OF LONGVIEW, TEXAS

**CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
(Continued)
LAST TEN FISCAL YEARS**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (3,332,241)	\$ (3,037,593)	\$ (8,792,336)	\$ (11,792,889)	\$ (19,252,667)	\$ (6,981,136)	\$ (2,699,880)	\$ (4,140,636)	\$ (6,667,089)	\$ (8,426,824)
OTHER FINANCING SOURCES (USES)										
Issuance of bonds	38,990,000	-	14,790,000		11,250,000		21,303,620			23,166,362
Payments to escrow account										(5,685,000)
Refunding bonds issued	(25,513,273)	-	-							5,978,639
Premium on refunded bonds	426,287	-	-		140,190					590,622
Proceeds from lease	565,750	-	373,699	404,374	5,724,939					
Discount on refunding bonds										(224,900)
Sale of capital assets	131,088	8,615	60,404	143,260	3,793	67,055	67,660	32,042	62,193	39,980
Proceeds from insurance	-	25,144	6,565					18,876		35,586
Transfers in	5,475,569	9,204,941	11,519,782	7,601,787	7,464,161	6,701,596	8,759,908	7,826,891	4,051,065	7,365,310
Transfers out	(3,262,162)	(7,359,746)	(9,563,659)	(5,539,722)	(5,061,181)	(4,259,711)	(6,428,356)	(7,826,891)	(4,051,065)	(7,365,310)
Total other financing sources (uses)	<u>16,813,259</u>	<u>1,878,954</u>	<u>17,186,791</u>	<u>2,609,699</u>	<u>19,521,902</u>	<u>2,508,940</u>	<u>23,702,832</u>	<u>50,918</u>	<u>62,193</u>	<u>23,901,289</u>
NET CHANGE IN FUND BALANCES	\$ <u>13,481,018</u>	\$ (<u>1,158,639</u>)	\$ <u>8,394,455</u>	\$ (<u>9,183,190</u>)	\$ <u>269,235</u>	\$ (<u>4,472,196</u>)	\$ <u>21,002,952</u>	\$ (<u>4,089,718</u>)	\$ (<u>6,604,896</u>)	\$ <u>15,474,465</u>
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	<u>10.7%</u>	<u>11.3%</u>	<u>10.8%</u>	<u>10.6%</u>	<u>10.8%</u>	<u>10.6%</u>	<u>10.3%</u>	<u>11.1%</u>	<u>9.8%</u>	<u>10.3%</u>

Sources: City of Longview Finance Department

CITY OF LONGVIEW, TEXAS

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year	Assessed Value		Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value
	Real Property	Personal Property			
2005	2,809,756,758	1,137,492,313	3,947,249,071	0.48340	3,947,249,071
2006	2,968,216,443	1,233,532,549	4,201,748,992	0.48340	4,201,748,992
2007	3,161,628,873	1,366,616,901	4,528,245,774	0.48340	4,528,245,774
2008	3,417,163,747	1,515,933,570	4,933,097,317	0.48400	4,933,097,317
2009	3,685,792,742	1,495,960,970	5,181,753,712	0.48400	5,181,753,712
2010	3,736,170,685	1,558,420,210	5,294,590,895	0.48400	5,294,590,895
2011	3,835,216,003	1,449,800,503	5,285,016,506	0.48400	5,285,016,506
2012	3,930,112,873	1,448,683,398	5,378,796,271	0.50090	5,378,796,271
2013	4,016,546,856	1,499,949,228	5,516,496,084	0.50090	5,516,496,084
2014	4,089,780,995	1,409,296,781	5,499,077,776	0.50990	5,499,077,776

Source: Gregg County Appraisal District & Harrison County Appraisal District

TABLE 6

**CITY OF LONGVIEW, TEXAS
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS**

Fiscal Year	City Direct Rates			Overlapping Rates				
	Operating Rate	Debt Service Rate	Total Direct Rate	Gregg County	Longview ISD	Spring Hill ISD	Pine Tree ISD	Hallsville ISD
2005	0.36640	0.11700	0.48340	0.28000	1.61000	1.64500	1.63280	1.62500
2006	0.36160	0.12180	0.48340	0.28000	1.46800	1.64500	1.69830	1.58700
2007	0.36580	0.11760	0.48340	0.28000	1.13805	1.51500	1.61390	1.44000
2008	0.36580	0.11820	0.48400	0.27000	1.13805	1.18500	1.34690	1.35900
2009	0.37070	0.11330	0.48400	0.26750	1.29795	1.54000	1.34850	1.30000
2010	0.37070	0.11330	0.48400	0.26750	1.43800	1.58000	1.37850	1.35300
2011	0.36620	0.11780	0.48400	0.26500	1.51300	1.54000	1.37850	1.42300
2012	0.36620	0.13470	0.50090	0.26250	1.51300	1.54000	1.51100	1.42300
2013	0.37220	0.12870	0.50090	0.26250	1.51300	1.67000	1.51100	1.39300
2014	0.38000	0.12090	0.50090	0.26250	1.51300	1.67000	1.55500	1.38300

Source: Tax departments of respective entities

TABLE 7

CITY OF LONGVIEW, TEXAS
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2014	
	Taxable Assessed Value*	Percentage of Total City Taxable Assessed Value**
Joy Global Longview Operations LLC	\$ 149,263,850	2.71%
Longview Medical/Longview Regional	72,461,940	1.32%
Trinity Industries	70,111,810	1.27%
Walmart/Sams	63,804,760	1.16%
Trican	54,161,810	0.98%
AEP Southwestern Electric Power Co.	40,684,070	0.74%
Rexam Beverage Can Company	38,041,100	0.69%
GSHS Inc/Good Shepherd Hospital	31,587,440	0.57%
Flint Hills Resources LP	29,909,140	0.54%
Norris Cylinder Co.	20,799,130	0.38%
Total	\$ 570,825,050	10.38%

Taxpayer	2005	
	Taxable Assessed Value*	Percentage of Total City Taxable Assessed Value**
LeTourneau, Inc.	\$ 105,419,850	2.67%
Longview Regional Medical Center	60,766,180	1.54%
Walmart Stores/ Sams Club	48,238,980	1.22%
AEP Southwestern Electric Power Co.	47,375,170	1.20%
General Motors Corporation	37,974,140	0.96%
Southwestern Bell Telephone	35,913,590	0.91%
Dana Corporation	35,840,730	0.91%
Dowell Shlumberger Inc	31,430,650	0.80%
Trinity Industries	26,753,680	0.68%
GSHS, Inc./Good Shepherd Hospital	26,924,060	0.68%
Total	\$ 456,637,030	11.57%

Sources:

- * Gregg County Appraisal District
- ** Harrison County Appraisal District
- *** City of Longview Finance Department

TABLE 8

CITY OF LONGVIEW, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year Ended	Taxes Levied for the Fiscal Year	Collected With the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2005	18,512,716	18,154,826	98.07%	317,213	18,472,039	99.78%
2006	19,628,247	19,311,792	98.39%	271,223	19,583,015	99.77%
2007	21,019,890	20,484,010	97.45%	482,079	20,966,089	99.74%
2008	22,626,702	22,262,087	98.39%	307,217	22,569,304	99.75%
2009	24,520,685	24,094,184	98.26%	365,909	24,460,094	99.75%
2010	25,358,256	25,015,899	98.65%	327,402	25,343,301	99.94%
2011	24,999,971	24,649,525	98.60%	264,646	24,914,171	99.66%
2012	26,174,340	25,889,469	98.91%	272,887	26,162,356	99.95%
2013	26,871,977	26,478,068	98.53%	342,112	26,820,180	99.81%
2014	26,781,795	26,465,379	98.82%	-	26,465,379	98.82%

Sources: Gregg County Tax Assessor/Collector
Harrison County Tax Assessor/Collector

TABLE 9

CITY OF LONGVIEW, TEXAS
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities		Business-type Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita
	General Obligation Bonds	Capital Leases	Water Revenue Bonds	Capital Leases			
2005	49,052,045	1,373,018	93,266,696	449,048	144,140,807	- %	1,914
2006	45,340,000	1,114,225	88,855,572	343,128	135,652,925	3.75%	1,777
2007	54,950,000	1,219,332	85,680,000	233,088	142,082,420	4.85%	1,847
2008	49,940,000	1,289,048	93,090,000	118,768	144,437,816	4.35%	1,822
2009	56,335,000	6,322,680	87,745,000	1,018,575	151,421,255	9.20%	1,971
2010	51,530,000	5,543,675	82,245,000	2,527,377	141,846,051	7.21%	1,811
2011	68,125,000	4,994,900	82,200,000	2,223,862	157,543,762	7.76%	1,939
2012	62,830,000	4,390,340	76,730,000	1,942,695	145,893,035	7.57%	1,792
2013	58,255,000	3,940,178	70,870,000	1,651,015	134,716,193	7.00%	1,633
2014	77,155,000	3,563,837	64,780,000	689,936	146,188,773	7.44%	1,749

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) Personal income was not available in previous fiscal years from 2003 through 2005.

CITY OF LONGVIEW, TEXAS

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

Fiscal Year	General Bonded Debt Outstanding			Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
	Gross General Bonded Debt	Less Debt Service Fund	Net General Bonded Debt		
2005	50,035,000	2,132,859	47,902,141	1.2136%	636
2006	45,340,000	2,242,808	43,097,192	1.0257%	574
2007	55,105,000	2,381,291	52,723,709	1.1643%	685
2008	49,940,000	2,285,332	47,654,669	0.9660%	601
2009	56,335,000	2,290,255	54,044,745	1.0430%	704
2010	51,530,000	2,369,331	49,160,669	0.9285%	628
2011	68,125,000	2,529,887	65,595,113	1.2412%	807
2012	62,830,000	2,857,328	59,972,672	1.1150%	737
2013	58,255,000	2,987,721	55,267,279	1.0019%	670
2014	77,155,000	2,504,151	74,650,849	1.3575%	893

CITY OF LONGVIEW, TEXAS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF SEPTEMBER 30, 2014

Government Unit	Debt Outstanding	Estimated Percentage Applicable	(1)	Estimated Share of Direct and Overlapping Debt
Total Direct Bonded Debt				
City of Longview	\$ 77,155,000	100.00%		\$ 77,155,000
Total Overlapping Debt				
Gregg County	-	56.87%		-
Harrison County	3,425,000	3.57%		122,273
Longview Independent School District	246,325,299	72.37%		178,265,619
Pine Tree Independent School District	69,755,000	93.58%		65,276,729
Spring Hill Independent School District	39,435,000	100.00%		39,435,000
Hallsville Independent School District	86,400,000	12.38%		<u>10,696,320</u>
Total Overlapping Debt				<u>293,795,940</u>
City direct debt				<u>77,155,000</u>
Total direct and overlapping debt				<u>\$ 370,950,940</u>

Sources: Southwest Securities

Notes: (1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the City's taxable assessed value that is within the overlapping government's boundaries and dividing it by the overlapping government's total taxable assessed value.

CITY OF LONGVIEW, TEXAS
COMPUTATION OF LEGAL DEBT MARGIN
SEPTEMBER 30, 2013
(UNAUDITED)

Article XI, Section 5 of the State of Texas Constitution states in part: "...no tax for any purpose shall ever be lawful for any one year, which shall exceed two and one-half percent of the taxable property of such city."

As a home rule city, the City of Longview is not limited by law in the amount of debt it may issue. The City's Charter provides that general property taxes are limited to \$2.50 per \$100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation bonds.

The tax rate for fiscal year 2014 was established at \$.5099 per \$100 of assessed valuation based on 100% of appraised value.

CITY OF LONGVIEW, TEXAS
PLEGDED REVENUE COVERAGE
LAST TEN FISCAL YEARS

Fiscal Year	Water Revenue Bonds					Coverage
	Water Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service		
				Principal	Interest	
2005	25,658,259	12,380,983	13,277,276	4,450,000	4,372,965	1.50
2006	27,287,589	13,568,848	13,718,741	4,630,000	4,114,971	1.57
2007	26,934,946	14,258,856	12,676,090	4,815,000	3,910,544	1.45
2008	28,629,169	15,553,522	13,075,647	5,130,000	4,165,043	1.41
2009	27,300,073	16,078,269	11,221,804	5,345,000	4,038,268	1.20
2010	26,601,574	15,882,851	10,718,724	5,680,000	3,688,494	1.14
2011	32,417,302	16,425,569	15,991,733	6,005,000	3,291,675	1.72
2012	31,967,160	18,577,748	13,389,412	6,120,000	3,633,906	1.37
2013	34,864,257	17,288,393	17,575,864	5,860,000	3,361,288	1.91
2014	32,782,345	19,223,840	13,558,505	6,090,000	3,104,484	1.47

CITY OF LONGVIEW, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

<u>Calendar Year</u>	<u>Population</u>	<u>School Enrollment</u>	<u>Personal Income (1)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2005	75,306	18,257	-	-	5.0%
2006	76,335	19,757	3,619,118,685	47,411	4.6%
2007	76,918	20,322	2,928,191,342	38,069	4.4%
2008	79,294	18,542	3,323,608,010	41,915	4.4%
2009	76,816	19,018	1,645,091,456	21,416	8.8%
2010	78,318	19,453	1,966,408,344	25,108	7.9%
2011	81,238	19,717	2,029,650,192	24,984	7.4%
2012	81,407	19,656	1,928,043,388	23,684	5.7%
2013	82,483	19,769	1,925,813,084	23,348	5.0%
2014	83,584	20,063	1,964,558,336	23,504	3.5%

Sources: School enrollment provided by Longview ISD, Pine Tree ISD, Spring Hill ISD and Hallsville ISD. Unemployment rate and per Capita Personal income was provided by the Longview Partnership.

Note:

(1) Personal income was not available for previous fiscal years from 2003 through 2005.

CITY OF LONGVIEW, TEXAS

**PRINCIPAL EMPLOYERS
Current and Five years ago**

<u>Employer</u>	<u>2014</u>	
	<u>Employees</u>	<u>Percentage of Total City Employment</u>
Good Shepherd Medical Center	3,100	2.63%
Trinity Rail, LLC	1,898	1.61%
Eastman Chemical	1,552	1.32%
Longview ISD	1,212	1.03%
Wal-mart Supercenters	1,149	0.97%
Longview Regional Medical Center	951	0.81%
City of Longview	837	0.71%
Joy Global	821	0.70%
Pine Tree ISD	655	0.56%
Diagnostic Clinic of Longview	616	0.52%
Total	<u>12,791</u>	<u>10.85%</u>

<u>Employer</u>	<u>2009</u>	
	<u>Employees</u>	<u>Percentage of Total City Employment</u>
Good Shepherd Medical Center	2,585	2.57%
Eastman Chemical	1,456	1.45%
Longview ISD	1,267	1.26%
US Steel Tubular Products, Inc	1,267	1.26%
Wal-mart Supercenters	1,200	1.19%
LeTourneau Technologies, Inc	1,181	1.17%
City of Longview	983	0.98%
Diagnostic Clinic of Longview	776	0.77%
Longview Regional Hospital	716	0.71%
Pine Tree ISD	<u>715</u>	<u>0.71%</u>
Total	<u>12,146</u>	<u>12.07%</u>

Note 1: Percentage of City Employment based on Longview MSA employment of 117,879
Sources: provided by Longview Partnership

TABLE 16

CITY OF LONGVIEW, TEXAS
FULLTIME EQUIVALENT CITY GOVERNMENT EMPLOYEES
BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	2005	2006	2007	2008	2009	2009	2011	2012	2013	2014
General government										
Administrative services	72	73	73	73	73	73	73	73	80	84
Human resources	10	11	11	11	10	10	10	11	11	11
Finance	3	3	3	5	6	6	7	7	7	7
Purchasing	5	5	5	2	2	2	2	2	2	2
Planning and zoning	3	3	3	3	3	3	3	3	3	3
MPO	3	3	3	3	3	3	3	3	3	2
Building inspection	9	10	10	9	9	9	9	9	9	9
Environmental health	18	24	24	24	24	24	24	18	18	18
Developmental service	8	2	2	2	2	2	3	3	3	3
Other	19	29	27	27	27	27	27	34	30	32
Police										
Officers	149	155	173	173	173	173	177	175	175	172
Civilians	21	20	21	21	21	21	18	18	18	18
Fire										
Firefighters and officers	155	156	161	161	161	161	160	159	159	162
Civilians	8	7	7	7	7	7	7	9	9	9
Sanitation	29	29	29	29	29	29	29	31	31	31
Other public works	-	-	-							
Engineering	5	6	6	6	6	6	6	6	6	6
Administration	2	2	2	2	4	4	3	4	4	4
Utility services	22	22	12	13	13	13	13	14	14	14
Streets	23	22	24	25	24	24	23	20	18	18
Drainage	15	15	15	15	15	15	15	18	21	23
Fleet services	12	12	12	13	13	13	13	13	13	13
Traffic maintenance	7	7	8	6	6	6	6	7	7	7
Parks and recreation	53	54	54	54	52	52	52	53	56	56
Library	19	19	19	19	17	17	18	18	18	18
Water services	-	-	-							
Water purification	31	31	31	29	29	29	29	29	29	29
Water supply	3	3	3	3	3	3	3	3	3	3
Water distribution	26	26	31	31	31	31	31	31	30	30
Wastewater collection	18	18	22	22	22	22	22	22	23	23
Wastewater treatment	23	23	23	22	22	22	21	21	21	22
Plant Automation				4	4	4	4	4	4	4
Transit	1	1	1	-	-	-	-	-	-	-
Total	<u>772</u>	<u>791</u>	<u>815</u>	<u>814</u>	<u>811</u>	<u>811</u>	<u>811</u>	<u>815</u>	<u>821</u>	<u>830</u>

CITY OF LONGVIEW, TEXAS
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	2005	2006	2007	2008
General government				
Building permits issued	1,357	1,430	1,500	2,220
Police				
Physical arrests	-	5,870	6,914	4,957
Parking violations	-	8,056	159	284
Traffic violations	-	18,657	20,970	24,719
Fire				
Emergency responses	-	13,875	14,418	15,565
Fires extinguished	-	560	380	418
Inspections	-	4,690	5,337	4,338
Refuse collection				
Refuse collected (tons per day)	-	118	118	118
Recyclables collected (tons per day)	-	14	25	14
Other public works				
Street resurfacing (miles)	-	7	6	3
Potholes repaired	-	567	1,169	1,232
Parks and recreation				
Park programs (# participants)	-	29,692	39,368	41,506
Facility/field/pavilion rentals	-	4,916	7,450	6,286
Recreation centers (# members)	-	1,737	1,828	791
Recreation programs (#classes)	-	56	69	45
Library				
Volumes in collection	175,026	156,200	158,899	162,823
Water				
Service connections	24,535	27,196	27,859	28,148
Water main breaks	-	-	-	-
Average daily consumption (thousands of gallons)	16	18	16	15
Wastewater				
Service connections	24,740	24,690	25,294	25,575
Average daily sewage treatment (thousands of gallons)	12	10	12	12
Transit***				
Total route miles	351,629	351,598	379,988	358,649
Passengers	113,160	156,429	170,315	184,853

Source:
 Various City departments

Notes:

*** City of Longview Transit system

TABLE 17

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
3,696	4,518	3,981	3,826	4,063	4,998
4,675	4,653	4,689	5,481	4,994	4,607
312	211	217	81	32	11
20,032	15,133	11,988	21,169	16,837	17,880
15,471	15,767	16,538	15,654	16,320	16,653
516	443	592	389	446	352
3,709	3,984	3,179	1,483	912	2,214
161	182	119	118	114	112
4	27	27	30	36	27
2	16	15	15	29	18
1,009	985	927	869	1,183	1,434
183,109	149,570	153,904	97,702	101,324	639,983
3,259	2,505	8,751	5,268	7,000	7,109
856	739	752	1,602	1,009	976
163	324	379	264	280	1,903
141,170	151,467	138,512	123,754	158,818	14,311
28,278	28,555	28,802	28,828	29,018	29,008
-			-		
15	16	18	16	17	15
25,681	25,921	26,018	26,084	26,236	28,494
11	12	10	11	11	12
345,426	337,770	184,925	294,958	387,757	374,188
198,113	187,026	334,935	214,803	244,150	257,341

TABLE 18

CITY OF LONGVIEW, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Substations	1	-	-	-	-	-	-	0	0	0
Community offices	4	3	6	6	6	6	6	6	7	7
Fire										
Stations	8	8	8	8	8	8	8	8	8	8
Hydrants	3,060	3,060	3,289	3,361	3,373	3,515	3,618	3655	3741	3801
Refuse collection										
Collection trucks	-	-	12	12	15	21	21	21	21	21
Other public works										
Asphalt streets (miles)	363	386	374	376	494	378	379	384	384.4	482
Concrete, oil dirt, brick streets (miles)	56	56	54	54	45	61	62	57	57.6	60
Asphalt, oil dirt alleys (miles)	9	9	9	9	1	9	9	9	9	1
Traffic signals	-	-	-	132	133	136	137	131	134	134
Parks and recreation										
Acreage developed	620	610	535	612	612	651	651	651	651.2	651.2
Acreage undeveloped	350	105	114	129	129	129	138	138	138.06	138.06
Playgrounds	28	23	23	23	23	23	24	24	24	24
Libraries										
Number of libraries (public)	1	1	1	1	1	1	1	1	1	1
Water										
Water mains (miles)	643	648	650	663	700	657	674	757	642.93	739
Plant capacity millions of gallons daily)	52	52	52	52	52	52	52	52	52	52
Wastewater										
Sanitary sewers (miles)	648	645	645	624	624	628	643	725	636.82	658
Number of lift stations	18	20	18	18	21	21	21	22	22	29
Number of disposal plants	1	1	1	1	1	1	1	1	1	1
Treatment capacity (thousands of gallons)	21	21	21	21	21	21	21	21	21	21
Transit										
Minibuses	11	11	11	11	11	11	10	10	8	8

Source: Various City departments

City of Longview
Governmental Activities Tax Revenues By Source
Last Ten Fiscal Years

Table 19

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Franchise Tax</u>	<u>Other</u>	<u>Total</u>
2005	18,778,484	18,227,952	5,187,723	2,177,226	44,371,385
2006	19,951,302	20,855,105	4,643,213	1,557,841	47,007,461
2007	21,198,592	22,210,092	6,318,036	1,540,476	51,267,195
2008	22,703,305	23,423,732	6,064,237	1,786,966	53,978,240
2009	24,631,563	23,894,746	5,555,973	1,708,834	55,791,116
2010	26,076,326	23,155,083	5,673,335	1,629,808	56,534,552
2011	24,878,943	25,605,652	5,891,397	1,675,448	58,051,440
2012	26,463,213	24,922,597	5,316,765	2,201,424	58,903,999
2013	27,074,366	26,398,630	5,562,605	2,307,403	61,343,004
2014	27,235,966	27,081,436	5,859,967	2,331,543	62,508,912

Sources: City of Longview Finance Department

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**GOVERNMENTAL
COMPLIANCE SECTION**

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HENRY & PETERS, PC

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Honorable Mayor and
Members of the City Council
City of Longview, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Longview, Texas, (the "City") as of and for the year ended September 30, 2014, which collectively comprise the City of Longview Texas' basic financial statements and have issued our report thereon dated March 26, 2015.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Henry & Peters, P.C.

March 26, 2015

HENRY & PETERS, PC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Honorable Mayor and
Members of the City Council
City of Longview, Texas

Report on Compliance for Each Major Federal Program

We have audited the compliance of the City of Longview, Texas (the "City") with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2014. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, OMB Circular A-133, and *Audits of States, Local Governments and Nonprofit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, The City, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2014.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Henry E. Peters, P.C.

March 26, 2015

**CITY OF LONGVIEW, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Pass-Through Number	Federal Expenditures
<u>U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Direct Program:			
<u>CDBG - Entitlement Grants Cluster:</u>			
Community Development Block Grants/ Entitlement Grants	14.218	B-13-MC-48-0032	\$ 861,887
<u>Housing Voucher Cluster:</u>			
Section 8 Housing Choice Voucher Program	14.871	TX459VO	5,087,030 +
HOME Investment Partnerships Program	14.239	M-13-MC-480227	134,317
Shelter Plus Care	14.238	TX0157L6T071205	301,760 +
Total U. S. Department of Housing and Urban Development			<u>6,384,994</u>
<u>U. S. DEPARTMENT OF JUSTICE</u>			
Direct Program:			
Bulletproof Vest Partnership Program	16.607	N/A	11,360
Edward Byrne Memorial Formula Grant Program	16.579	2011-DJ-BX-3049	<u>62,130</u>
Total Direct Programs			<u>73,490</u>
Pass-Through Texas Office of the Governor, Criminal Justice Department			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	SF-14-J20-27306-01	<u>15,573</u>
Total passed through Texas Office of the Governor, Criminal Justice Department			<u>15,573</u>
Pass-Through City of Dallas, Texas:			
Missing Children's Assistance	16.543	N/A	<u>3,087</u>
Total passed through City of Dallas, Texas			<u>3,087</u>
Total U. S. Department of Justice			<u>92,150</u>
<u>U. S. DEPARTMENT OF TRANSPORTATION</u>			
Direct Program:			
<u>Federal Transit Cluster:</u>			
Federal Transit Formula Grants	20.507	TX-0987 TX-0094 TX-90-8035-00 TX-90-4035-00 TX-90-2035-00 TX-90-0035-00	1,309,790
<u>Transit Services Programs Cluster:</u>			
New Freedom Program	20.521	NF 1201(10)35 NF 1202(10)07	46,383
Pass-Through Texas Department of Transportation:			
<u>Highway Planning and Construction Cluster:</u>			
Highway Planning and Construction	20.205	0910-07-062	449,721
<u>Highway Safety Cluster:</u>			
State and Community Highway Safety - STEP	20.600	2014-LONGVIPD-S-1YG-0028	40,355
Metropolitan Planning Organization	20.225	50-14XF0022	228,937
State Planning and Research	20.515	TX-80-X021	<u>80,000</u>
Total passed through Texas Department of Transportation			<u>799,013</u>
Total U. S. Department of Transportation			<u>2,155,186</u>

**CITY OF LONGVIEW, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Pass-Through Number	Federal Expenditures
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Direct Program:			
<u>Homeland Security Cluster:</u>			
Homeland Security Grant Program	97.067	EMS-2013-SS-00045	<u>16,170</u>
Total U.S. Department of Homeland Security			<u>16,170</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Pass-Through Texas Department of State Health Services Block Grant for Treatment of Substance Abuse	93.959	2014-044774	<u>88,905</u>
Total U.S Department of Health and Human Services			88,905
<u>NATIONAL ENDOWMENT FOR THE HUMANITIES</u>			
Pass-Through Texas State Library & Archives Commission: Grants to States	45.310	N/A	<u>5,791</u>
Total National Endowment for the Humanities			5,791
Total Expenditures of Federal Awards			<u>\$ 8,743,196</u>

+ Denotes Major Program

CITY OF LONGVIEW, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2014

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified
Internal control over financial reporting:
Material weakness(es) identified? Yes X No
Significant deficiency(ies) identified that are not
considered to be material weaknesses? Yes X None reported
Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal Control over major programs:
Material weakness(es) identified? Yes X No
Significant deficiency(ies) identified that are not
considered to be material weaknesses? Yes X None reported

Type of auditors' report issued on compliance
for major programs: Unqualified

Any audit findings disclosed that are required to be reported
in accordance with Circular A-133, Section .510(a)? Yes X No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
14.871	Section 8 Housing Choice Voucher Program
14.238	Shelter Plus Care

Dollar threshold used to distinguish between
Type A and Type B programs: \$ 300,000
Auditee qualified as low-risk auditee? Yes X No

Section II - Financial Statement Findings

No matters requiring reporting under Government Auditing Standards were noted.

Section III - Federal Award Findings and Questioned Costs

No matters requiring reporting under OMB Circular A-133 were noted.